Daibochi Plastic And Packaging Industry Bhd

(12994-W)

ANNUAL REPORT 2008

CONTENTS

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty Sixth Annual General Meeting of the Company will be held at Bunga Melati Room, Level 7, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Friday, 29 May 2009 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS:

1. To receive the audited financial statements for the year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To declare a first and final tax exempt dividend of 6 sen per share for the year ended 31 December 2008. (Resolution 2)
3. To approve Directors' fees for the year ended 31 December 2008 amounting to RM56,000 (2007: RM80,000). (Resolution 3)
4. To re-elect Yong Jaw Teck who is retiring under Article 103 of the Company's Articles of Association. (Resolution 4)
5. To re-elect Lim Soo Koon who is retiring under Article 103 of the Company's Articles of Association. (Resolution 5)
6. To re-elect Sim Lian Hing who is retiring under Article 94 of the Company's Articles of Association. (Resolution 6)
7. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)

AS SPECIAL BUSINESS:

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

8. **Ordinary Resolution**
   Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965

   "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 ten percent (10%) of the issued share capital for the time being of the Company." (Resolution 8)

9. **Ordinary Resolution**
   Proposed Renewal of Share Buy-Back Authority

   "THAT, subject always to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company PROVIDED THAT:

(a) the total aggregate number of ordinary shares of RM1.00 each in the Company which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase, subject to a restriction that the issued and paid-up share capital of the Company does not fall below the applicable minimum share capital requirement of the Listing Requirements of Bursa Securities;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing the shares shall not exceed the Company's latest audited retained earnings and/or share premium account;

(c) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

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

whichever occurs first;

AND THAT, the Directors of the Company be and are hereby authorised to cancel all the shares or any part thereof so purchased or to retain all the shares so purchased as treasury shares (of which may be distributed as dividends to shareholders and/or resold on Bursa Securities and/or subsequently cancelled), or to retain part of the shares so purchased as treasury shares and cancel the remainder, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT, the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the aforesaid share buy-back with full powers to assent to any conditions, modifications, variations and/or amendments, as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company." (Resolution 9)

10. 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 on 5 June 2009 to determine shareholders' entitlement to the dividend payment. The dividend, if approved, will be paid on 23 June 2009 to shareholders whose names appear in the Register of Members and Record of Depositors on 4 June 2009.

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 4 June 2009 in respect of ordinary transfers;

(b) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 2 June 2009 in respect of securities exempted from mandatory deposit; and

(c) 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: 7 May 2009

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member appoints two 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/her 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 NOTES ON SPECIAL BUSINESS

(i) **Resolution 8**

The proposed Resolution 8, 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.

(ii) **Resolution 9**

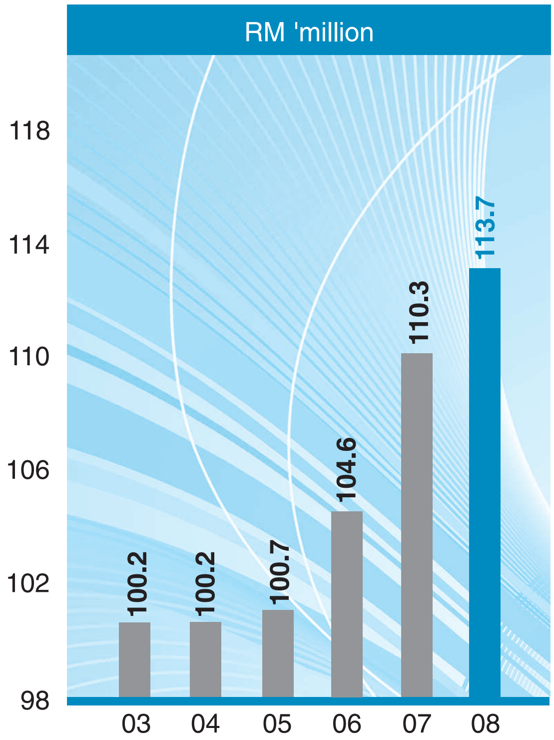
Please refer to Statement to Shareholders dated 7 May 2009 for further information.

Statement Accompanying Notice Of Annual General Meeting

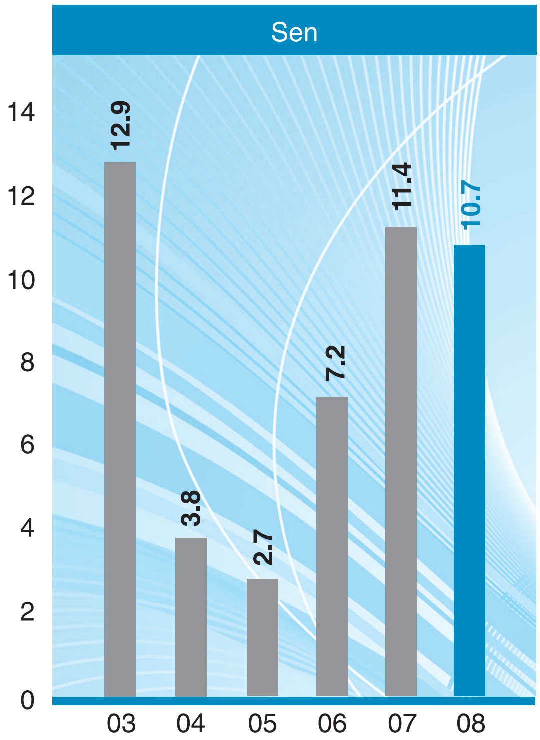
Directors who are seeking re-election at the Thirty Sixth Annual General Meeting of the Company are Yong Jaw Teck, Lim Soo Koon and Sim Lian Hing.

The profiles of the above Directors are set out in the section entitled "Profiles of Directors" on pages 7 to 9. Their securities holdings information are set out in the section entitled "Directors' Shareholdings" on page 78.

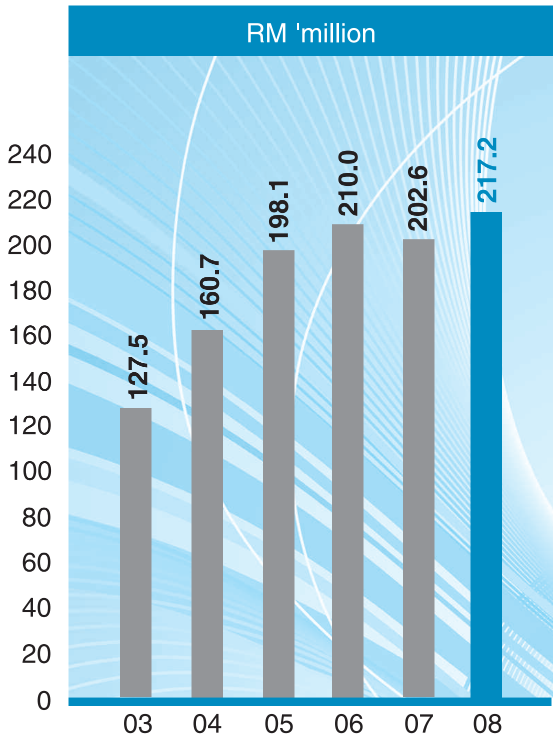
Group Performance Charts



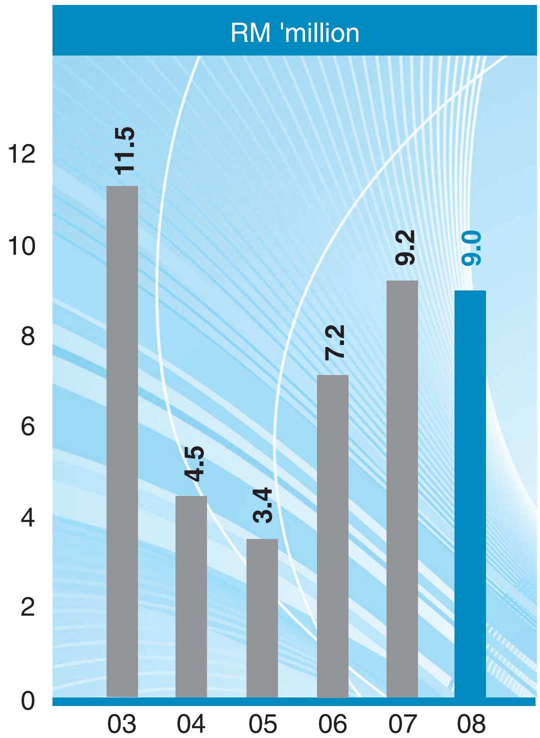
Shareholders' Funds



Earnings Per Share



Revenue



Profit Before Taxation

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

Sim Lian Hing (appointed 16.01.2009)
Independent Non-Executive Director

COMPANY SECRETARY

Ms. Tan Gaik Hong, MIA 4621

WEBSITE

www.daibochiplastic.com

CERTIFICATES

ISO 9001:2008
EN ISO 9001:2008
BS EN ISO 9001:2008
MS ISO 9001:2008
HACCP Principles of Codex Alimentarius
HALAL MS1500:2004

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
Level 17, The Gardens North Tower,
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No. : 03-22643883
Fax No. : 03-22821886

AUDITORS

Deloitte KassimChan
Level 19, Uptown 1
1 Jalan SS 21/58, Damansara Uptown
47400 Petaling Jaya
Tel No. : 03-77236500
Fax No. : 03-77263986

PRINCIPAL BANKERS

CIMB Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public 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

P. James Edwin A/L Louis Pushparatnam, Malaysian, aged 53 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 (Honours) 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 2008.

Lim Soo Koon, Malaysian, aged 47 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 2008.

Yong Jaw Teck, Australian, aged 61 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 five (5) of the six (6) Board of Directors' meetings held during the financial year ended 31 December 2008.

Y. Bhg. Datuk Wong Soon Lim, Malaysian, aged 55 was appointed to the Board of Daibochi on 16 October 1981. He is an Executive Director.

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. He 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 2008.

Low Chan Tian, Malaysian, aged 53 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 has no family relationship with any Directors/substantial shareholders of Daibochi. He 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 five (5) out of the six (6) Board of Directors' meetings held during the financial year ended 31 December 2008.

Hiew Chee Peng, Malaysian, aged 50 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 2008.

Chee Ho Chun, Malaysian, aged 47 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 2008.

Sim Lian Hing, Malaysian, aged 56 was appointed to the Board of Daibochi on 16 January 2009. He is an Independent Non-Executive Director. He is also a member of the Audit Committee.

He is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants and a fellow member of the Malaysian Institute of Taxation and Association of Chartered Certified Accountants. He has been in private practice since 1981. He is also currently the Chief Executive of an institution of higher learning since 2007.

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

He has not attended any of the Board of Directors' meetings held during the financial year ended 31 December 2008 as his appointment was with effect from16 January 2009.

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 its 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. To further reinforce this separation, the Chairman of the Company is not someone who has previously served as the Chief Executive Officer of the Company. 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. As at the date of this statement, the Board comprises eight (8) members of which four (4) are Executive Directors and four (4) are Independent Non-Executive Directors. The Independent Non-Executive Directors make up fifty (50%) percent of the membership of the Board. The Board's composition complies with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 7 to 9.

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 Bursatra Sdn Bhd.

Under the revised Bursa Securities 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 of the Directors attended courses deemed appropriate for their training needs except for one Director whose selected course was cancelled by the organizer. The courses attended by the Directors in 2008 were on accounting, corporate governance, operational risk management, rules and regulations as well as financial and business management.

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 7 to 9.

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 Securities 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.

In early 2009 the Committee assessed and recommended the appointment of Sim Lian Hing to the Board and the Audit Committee.

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 from the Group for the year ended 31 December 2008 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	894	-	777	258	41	1,970
Non-Executive Directors	-	56	-	151	6	213

Range of remuneration	Executive Directors	Non-Executive Directors
Up to RM50,000	-	2
RM100,001- RM150,000	-	1
RM350,001- RM400,000	2	-
RM400,001- RM450,000	1	-
RM700,001- RM750,000	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.

During the year the Committee reviewed and recommended the remuneration for Executive Directors of the Group.

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 20 to 22 of the Annual Report.

Financial Reporting

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

Internal control

The Directors recognise their ultimate responsibility for the Group's system of internal controls and the need to review the adequacy and the integrity of the internal control systems. The Directors also take cognizance of the importance of identifying principal risks and having an appropriate risk management system. Information on the Group's internal controls is presented in the Statement on Internal Controls as set out on pages 18 to 19.

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 20 to 22 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 Securities.

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 Securities in particular the timely release of the quarterly results. Members of the public can also obtain the full financial results and the announcements from the Bursa Securities website.

The 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.

During the year the Company’s website at www.daibochiplastic.com had undergone further improvements to its presentation and contents. This website is maintained as an additional channel of communication with shareholders and investors. Alternatively, all the Company’s announcements can be obtained through the Bursa Securities website.

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 6 April 2009.

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

b) Share buybacks
The Company did not purchase any of its own shares during the financial year 2008.

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 a company affiliated to the external auditors during the financial year amounted to RM21,200.

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.

Corporate Social Responsibility

As a responsible organisation the Group is mindful of our corporate social responsibility ("CSR") when carrying out our business activities. The Board is committed to continually promoting and creating awareness among the employees on occupational hazards and safety in the work place. The Group will also continue to seek to play an active role in the community, upholding the interests of the society, environment and our stakeholders and to contribute in the best way that we can.

Some of the CSR activities are:

Employee Welfare

Recognising that employees are important assets, the Group continued to care for the welfare of all employees with constant upgrade of employee skills sets to meet changing requirements. The Company's Occupational Safety and Health Policy was actively and effectively implemented to ensure occupational safety and health of all employees are not compromised. Constant education, training, counselling and prevention programs ensure a high level of awareness of safety requirements at all levels. Protective gear, where required, has been issued to all relevant workers. Preventive action such as fire evacuation drill is carried out annually.

To ensure a healthy workforce, sports and recreational activities organized by the in-house sports club are financially supported by the Company.

Community Welfare

The Company encourages and supports employees' participation in community activities. During the year the Company organised three (3) blood donation campaigns with the Blood Bank of the General Hospital.

Each year, the Company accepts undergraduates for industrial training ranging from two (2) to five (5) months. In 2008, the Company provided training for nine (9) undergraduates.

Environment

The Group has taken measures to ensure compliance with existing environmental laws and regulations. Production processes are constantly upgraded and products are improved to meet changing environmental laws and regulations. During the year, the Group was not penalised for any instance of non-compliance with environmental laws and regulations.

Recycling activities are encouraged and every Thursday is our "Green Day" where employees are encouraged to bring from home segregated waste of plastic, paper, tin or used clothing for the Company to send to the Tzu Chi recycle center. Polystyrene packaging of food is banned in the Company premises and all employees have been issued with recyclable plastic food containers.

In our efforts to preserve the environment we recycle certain discarded raw materials to reduce waste and waste materials which we cannot reuse are sold to waste collectors. The Company uses licensed contractor for scheduled waste disposal in compliance with the relevant regulations.

In conjunction with Earth Day which was observed on 22 April 2008 the Company carried out a tree planting ceremony as well as distribution of handkerchiefs to all employees to discourage the usage of tissue paper. All employees are also encouraged to practise the 5 R's - Refuse, Reuse, Reduce, Repair and Recycle in their daily activities.

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 and management information 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 20 to 22.

Internal Control Systems

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 has been accredited ISO 9001:2008 since 2000. Documented internal procedures and standard operating procedures have been put in place and a yearly surveillance audit is conducted by assessors of the ISO certification body to ensure that the system is adequately implemented;
- Regular internal audit visits 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 6 April 2009.

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2008.

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 2008 are as follows:

NAME	STATUS OF DIRECTORSHIP	INDEPENDENT	ATTENDANCE OF MEETINGS
P. James Edwin A/L Louis Pushparatnam	Non-Executive Chairman	Yes	Attended five (5) out of five (5) meetings
Hiew Chee Peng	Non-Executive Director	Yes	Attended five (5) out of five (5) meetings
Chee Ho Chun	Non-Executive Director	Yes	Attended five (5) out of five (5) meetings
Lim Soo Koon	Executive Director	No	Attended five (5) out of five (5) meetings

In accordance with the Bursa Securities Listing Requirements, all the members of the Committee must be non-executive Directors, with a majority of the members being independent Directors and at least one member of the Committee must be a member of the Malaysian Institute of Accountants. Hence, on 16 January 2009, Mr. Lim Soo Koon being the Managing Director resigned from the Committee and Mr. Sim Lian Hing who is a member of the Malaysian Institute of Accountants was appointed.

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.

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;

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

(h) Reviewed the Statement on Internal Control;

(i) Reviewed the Audit Committee Report; and

(j) Met once with the external auditors without executive Board members present.

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 2008.

BUSINESS AND FINANCIAL REVIEW

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

2008 has been a very challenging year. The start of the year saw the price of crude oil reach a record high of USD148 per barrel thereby adversely affecting consumer spending as well as increasing the operating costs of business. The last quarter of the year saw the weakening of the global economy due to the financial crises in the United States and Europe which has greatly affected industrial output and hence the reduction in trading. The biggest challenge during the year was the escalating and highly volatile cost of raw materials, fuel, transportation and freight charges caused mainly by the high price of crude oil and electricity.

The flexible packaging industry and property development market remained competitive during the year under review. The Group recorded a revenue of RM217.165 million for the current year as compared to RM202.409 million representing an increase of 7.3%. However, the profit before tax of RM9.010 million showed a slight decrease as compared to the RM9.199 million achieved in the previous year. This was mainly attributable to the reduced margins as a result of the substantial increases in the cost of major raw materials and operating costs.

PROSPECTS

The RM60 billion economic stimulus package that was tabled in the Malaysian Parliament in March 2009 was intended to cushion the impact of the global economic slowdown. GDP growth for 2009 is forecast to be in the range of -1% to 1%. In view of the great uncertainty and lack of visibility, the Malaysian economy faces the grim prospect of a potential deep and prolonged recession.

The outlook for the property sector is expected to be challenging due to the economic uncertainty which has weakened the demand for properties. Going forward into a tougher operating environment the Group will continue to seek further enhancements in processes to improve operational efficiency and productivity and product quality. Efforts will also be intensified in the pursuit of new product development and innovation as well as to strategise to grow its market share. The Group will also continue to focus on maintaining consistent quality of services to our valued customers. All these measures coupled with the sustained demand for flexible packaging products will enable the Group to remain profitable in 2009.

DIVIDEND

The Board is recommending a first and final tax exempt dividend of 6 sen per share for the financial year ended 31 December 2008. The dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to thank our valued customers, suppliers, financial institutions, business associates, government bodies and authorities and our investors and shareholders for their continuing support and confidence in the Group.

The Board would like to express its appreciation to the Management team and the employees for their invaluable contribution in a very challenging and competitive year. We look forward to your continued commitment and dedication to work together to achieve another successful year.

P. JAMES EDWIN A/L LOUIS PUSHPARATNAM
CHAIRMAN

6 April 2009

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, 2008.

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 15 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	9,010	9,151
Tax expense	(701)	(439)
Profit for the year	8,309	8,712
Attributable to:		
Equity holders of the Company	8,156	
Minority interest	153	
	8,309	

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 6%, tax-exempt, amounting to RM4,554,048, 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 6%, tax-exempt, amounting to RM4,554,048 in respect of the current financial year. The proposed dividend is subject to the 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.

TREASURY SHARES

As of December 31, 2008, the Company held as treasury shares a total of 1,000 of its 75,901,801 issued ordinary shares. The treasury shares are held in accordance with section 67A of the Companies Act, 1965 at a carrying amount of RM713 as disclosed in Note 23 to the Financial Statements.

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 had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

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

(a) which would render the amount of bad debts written off or the setting up of allowance for doubtful debts in the financial statements of the Group and the Company to be 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
Sim Lian Hing (appointed on January 16, 2009)

In accordance with Article 103 of the Company's Articles of Association, Mr. Yong Jaw Teck and Mr. Lim Soo Koon retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting of the Company.

In accordance with Article 94 of the Company's Articles of Association, Mr. Sim Lian Hing who was appointed to the Board since the last Annual General Meeting, retires under the said article and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

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 1.1.2008	Bought	Sold	Balance at 31.12.2008
Shares in the Company				
Registered in the name of directors				
Low Chan Tian	4,836,720	-	-	4,836,720
Datuk Wong Soon Lim	4,662,440	-	-	4,662,440
Yong Jaw Teck	1,196,873	210,000	-	1,406,873
Chee Ho Chun	80,000	42,000	-	122,000
Lim Soo Koon	60,000	-	-	60,000
P. James Edwin A/L Louis Pushparatnam	6,280	-	-	6,280

		No. of ordinary shares of RM1 each		
	Balance at 1.1.2008	Bought	Sold	Balance at 31.12.2008
Deemed Interest *				
Low Chan Tian	3,673,240	-	-	3,673,240
Datuk Wong Soon Lim	171,400	14,900	-	186,300
Chee Ho Chun	33	39,000	-	39,033

* Registered in the name of director's family members

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 or at the beginning and end of 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 21 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 **DATUK WONG SOON LIM**

Melaka
6 April, 2009

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, 2008 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
6 April, 2009

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 6th day of April, 2009.

Before me,

P. MURUGIAH BKT, PJK.
COMMISSIONER FOR OATHS

Report On The Financial Statements

We have audited the financial statements of Daibochi Plastic And Packaging Industry Bhd., which comprise the balance sheets of the Group and of the Company as of December 31, 2008 and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 77.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

(a) in our opinion, 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;

(b) we have considered the accounts and auditors' report of the subsidiary company, of which we have not acted as auditors, as mentioned in Note 15 to the Financial Statements, being accounts that have been included in the financial statements of the Group;

(c) we are satisfied that the accounts 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 financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(d) the auditors' reports on the accounts 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

HIEW KIM TIAM
Partner - 1717/08/09 (J)
Chartered Accountant

6 April, 2009

FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
Revenue	5	217,165	202,409	208,661	190,816
Cost of sales	6	(195,487)	(179,193)	(190,787)	(172,437)
Gross profit		21,678	23,216	17,874	18,379
Other operating income		2,186	1,283	2,783	2,033
Selling and distribution costs		(4,909)	(5,682)	(4,609)	(5,463)
Administrative expenses		(7,186)	(7,040)	(4,650)	(4,774)
Other operating expenses		(648)	(852)	(648)	(852)
Profit from operations	7	11,121	10,925	10,750	9,323
Finance costs	9	(1,603)	(2,070)	(1,599)	(1,977)
Share of results of associated company		(508)	344	-	-
Profit before tax		9,010	9,199	9,151	7,346
Tax (expense)/income	10	(701)	(217)	(439)	329
Profit for the year		8,309	8,982	8,712	7,675
Attributable to:					
Equity holders of the Company		8,156	8,684		
Minority interest		153	298		
		8,309	8,982		
Earnings per ordinary share attributable to equity holders of the Company - basic (sen)	11	10.7	11.4		

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

AS OF DECEMBER 31, 2008

		The Group		The Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	55,015	54,149	54,897	53,985
Land held for development	13	11,896	-	-	-
Prepaid lease payments	14	6,180	6,254	6,180	6,254
Investment in subsidiary companies	15	-	-	1,500	1,500
Investment in associated company	16	23,006	23,514	-	-
Deferred tax assets	17	29	39	-	-
		96,126	83,956	62,577	61,739
Current assets					
Inventories	18	41,121	42,609	32,479	30,965
Property development costs	19	4,230	4,692	219	219
Tax recoverable		96	16	-	-
Trade and other receivables	20	41,427	40,814	37,339	35,226
Amount receivable from subsidiary companies	21	-	-	43,909	38,899
Short-term deposits, cash and bank balances	22	10,398	7,480	8,536	6,324
		97,272	95,611	122,482	111,633
Total assets		193,398	179,567	185,059	173,372

	Note	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	23	75,902	75,902	75,902	75,902
Treasury shares	23	(1)	(1)	(1)	(1)
Reserves	24	37,770	34,375	34,282	30,124
Equity attributable to equity holders of the Company		113,671	110,276	110,183	106,025
Minority interest		820	983	-	-
Total equity		114,491	111,259	110,183	106,025
Non-current liabilities					
Long-term loans	25	5,703	5,034	2,459	5,034
Hire-purchase payables	26	343	486	343	414
Deferred tax liabilities	17	7,028	7,667	7,334	7,822
		13,074	13,187	10,136	13,270
Current liabilities					
Trade and other payables	27	33,522	30,914	32,989	29,984
Short-term borrowings	28	24,749	18,361	24,749	18,361
Hire-purchase payables	26	348	223	290	195
Long-term loans	25	6,837	5,322	6,425	5,322
Tax liabilities		377	301	287	215
		65,833	55,121	64,740	54,077
Total liabilities		78,907	68,308	74,876	67,347
Total equity and liabilities		193,398	179,567	185,059	173,372

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

FOR THE YEAR ENDED DECEMBER 31, 2008

The Group	Note	Issued capital RM'000	Treasury shares 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
		← Attributable to equity holders of the Company					→		
Balance as of January 1, 2007		75,902	-	1,224	(15)	27,483	104,594	744	105,338
Net income recognised directly in equity - exchange differences arising on translation of foreign operations		-	-	-	35	-	35	34	69
Profit for the year		-	-	-	-	8,684	8,684	298	8,982
Total recognised income for the year		-	-	-	35	8,684	8,719	332	9,051
Dividends paid to shareholders	29	-	-	-	-	(3,036)	(3,036)	-	(3,036)
Dividends paid to minority shareholders of a subsidiary company		-	-	-	-	-	-	(93)	(93)
Shares buy-back	23	-	(1)	-	-	-	(1)	-	(1)
Balance as of December 31, 2007		75,902	(1)	1,224	20	33,131	110,276	983	111,259
Balance as of January 1, 2008		**75,902**	**(1)**	**1,224**	**20**	**33,131**	**110,276**	**983**	**111,259**
Net loss recognised directly in equity - exchange differences arising on translation of foreign operations		-	-	-	(207)	-	(207)	(199)	(406)
Profit for the year		-	-	-	-	8,156	8,156	153	8,309
Total recognised income/(loss) for the year		-	-	-	(207)	8,156	7,949	(46)	7,903
Dividends paid to shareholders	29	-	-	-	-	(4,554)	(4,554)	-	(4,554)
Dividends paid to minority shareholders of a subsidiary company		-	-	-	-	-	-	(117)	(117)
Balance as of December 31, 2008		**75,902**	**(1)**	**1,224**	**(187)**	**36,733**	**113,671**	**820**	**114,491**

Company Statement Of Changes In Equity

FOR THE YEAR ENDED DECEMBER 31, 2008

The Company	Note	Issued capital RM'000	Treasury shares RM'000	Non-distributable reserve - Share premium RM'000	Distributable reserve - Retained earnings RM'000	Total RM'000
Balance as of January 1, 2007		75,902	-	1,224	24,261	101,387
Profit for the year		-	-	-	7,675	7,675
Dividends paid to shareholders	29	-	-	-	(3,036)	(3,036)
Shares buy-back	23	-	(1)	-	-	(1)
Balance as of December 31, 2007		75,902	(1)	1,224	28,900	106,025
Balance as of January 1, 2008		**75,902**	**(1)**	**1,224**	**28,900**	**106,025**
Profit for the year		**-**	**-**	**-**	**8,712**	**8,712**
Dividends paid to shareholders	**29**	**-**	**-**	**-**	**(4,554)**	**(4,554)**
Balance as of December 31, 2008		**75,902**	**(1)**	**1,224**	**33,058**	**110,183**

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

FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES					
Cash receipts from customers and other receivables		**217,051**	209,184	**206,612**	199,523
Cash paid to suppliers, employees and other payables		**(195,303)**	(181,747)	**(190,303)**	(171,314)
Cash generated from operations	34	**21,748**	27,437	**16,309**	28,209
Interest paid		**(1,029)**	(1,185)	**(947)**	(1,103)
Tax paid		**(1,322)**	(1,120)	**(855)**	(857)
Net Cash From Operating Activities		**19,397**	25,132	**14,507**	26,249
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES					
Other interest received		**106**	167	**82**	133
Interest received from subsidiary companies		**-**	-	**463**	694
Dividend income from subsidiary company		**-**	-	**160**	91
Purchase of land held for development		**(10,423)**	-	**-**	-
Purchase of property, plant and equipment		**(8,841)**	(2,108)	**(8,832)**	(2,087)
Advances to subsidiary companies		**-**	-	**(3,726)**	(4,143)
Proceeds from disposal of property, plant and equipment		**84**	319	**84**	319
Net Cash Used In Investing Activities		**(19,074)**	(1,622)	**(11,769)**	(4,993)

	Note	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Shares buy-back		-	(1)	-	(1)
Proceeds from long-term loans drawn down		8,400	-	4,400	-
Repayment of long-term loans		(6,216)	(5,346)	(5,872)	(5,346)
Dividends paid to shareholders		(4,554)	(3,036)	(4,554)	(3,036)
Dividends paid to minority shareholders		(117)	(93)	-	-
Interest paid		(929)	(885)	(652)	(874)
Proceeds from/(repayment) of short-term borrowings (net)		7,827	(8,993)	7,827	(8,993)
Repayment of hire-purchase		(260)	(115)	(236)	(91)
Net Cash From/ (Used In) Financing Activities		4,151	(18,469)	913	(18,341)
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,474	5,041	3,651	2,915
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		6,041	989	4,885	1,970
Effect of exchange differences		(117)	11	-	-
		5,924	1,000	4,885	1,970
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	10,398	6,041	8,536	4,885

During the financial year, the Group's and the Company's additions to property, plant and equipment amounted to RM9,101,000 (2007: RM2,732,000) and RM9,092,000 (2007: RM2,711,000) respectively of which RM260,000 (2007: RM624,000) was financed through hire-purchase arrangements.The balance of RM8,841,000 (2007: RM2,108,000) and RM8,832,000 (2007: RM2,087,000) for the Group and the Company respectively was paid in cash.

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

1. GENERAL INFORMATION

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 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 15.

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 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 6 April, 2009 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 financial year, the Group and the Company adopted the following Financial Reporting Standards ("FRSs") issued by MASB that are relevant to its operations and mandatory for financial periods beginning on or after January 1, 2008:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 121	Amendment to Financial Reporting Standard 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of these revised FRSs has no material effect on the financial statements of the Group and the Company for the current and prior financial years.

Accounting Standards and Issues Committee ("IC") Interpretations Issued but Not Effective

As of the date of authorisation of the financial statements of the Group and of the Company, the following new and revised FRSs and IC Interpretations have been issued but not yet effective until future periods:

FRS 4	Insurance Contracts	Effective for accounting periods beginning on or after January 1, 2010
FRS 7	Financial Instruments: Disclosures	Effective for accounting periods beginning on or after January 1, 2010

FRS 8	Operating Segments	Effective for accounting periods beginning on or after July 1, 2009
FRS 139	Financial Instruments: Recognition and Measurement	Effective for accounting periods beginning on or after January 1, 2010
IC Interpretations 9	Reassessment of Embedded Derivatives	Effective for accounting periods beginning on or after January 1, 2010
IC Interpretations 10	Interim Financial Reporting and Impairment	Effective for accounting periods beginning on or after January 1, 2010

The Group will apply IC Interpretation 9, IC Interpretation 10, FRS 7, FRS 8 and FRS 139 when they become effective, except for FRS 4 which is not relevant to the Group.

FRS 7 Financial Instruments: Disclosures - This new standard requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which an entity is exposed and how these risks are managed. This standard requires both qualitative disclosures describing management's objectives, policies and processes for managing those risks, and quantitative disclosures providing information about the extent to which an entity is exposed to risk, based on information provided internally to the entity's key management personnel. An entity shall not apply this standard for annual periods beginning prior to 1 January 2010 unless it also applies FRS 139. The application of this standard is not expected to have a material impact on the financial results of the Group and the Company as this standard deals only with disclosures in the financial statements.

FRS 8 will become effective for the year ending 31 December 2010. FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business segments (see Note 35). The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements.

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company will apply this standard when it becomes effective for annual periods beginning on or after 1 January 2010.

By virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 Financial Instruments: Recognition and Measurement on the financial statements upon first adoption of this Standard as required by paragraph 30(b) of FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

IC Interpretation 9 Reassessment of Embedded Derivatives - This interpretation clarifies that the reassessment of an embedded derivative after its initial recognition is forbidden unless the instrument's terms have changed and this has affected its cash flows significantly. This IC Interpretation is not expected to have any material impact on the financial statements of the Group and the Company.

IC Interpretation 10 Interim Financial Reporting and Impairment - This interpretation clarifies that an entity shall not reverse impairment losses on goodwill and investments in equity instruments and financial assets carried at cost recognised in an interim period. This interpretation is not expected to have any material impact on the financial statements of the Group and the Company.

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 the sale of development properties is accounted for by using the stage of completion method as described in Note 3(m)(ii). Revenue relating to sale of completed properties is recognised when the risks and rewards associated with the ownership transfer to the property purchasers.

Interest income is recognised on accrual basis.

Rental income is recognised on an accrual basis when it falls due.

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

(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

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 statements 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, 2008. Control is achieved where the Company has the power to govern the financial and operating policies of the subsidiary companies so as to obtain benefits therefrom.

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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income 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, except for construction in progress which is not depreciated, 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:

Buildings under long leases	2% - 10%
Plant and machinery	6.67% - 10%
Printing cylinders	25%
Motor vehicles	12.5% - 20%
Equipment, furniture, fixture and fittings	7.5% - 27%

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 property, plant and equipment.

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

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

(h) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group and the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating lease.

(ii) Finance Leases

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 3(f).

(iii) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

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

(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 Group and the Company estimate 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 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.

(k) Investment in associated company

An associated company is an entity in which the Group has significant influence and which 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 control or joint control over those policies and is generally accompanying a shareholding of between 20% to 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.

(l) 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. 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.

(m) Property development activities

(i) Land held for property development

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

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

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Company's normal operating cycle of 3 to 5 years.

(ii) Property development costs

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

When the outcome of the development activity can be estimated reliably, property development revenue and expense are recognised by using the percentage 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.

(n) 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.

(o) Borrowings

(i) Classification

Borrowings are recognised based on the proceeds received, net of repayments during the period. Portions repayable after 12 months are disclosed as non-current liabilities.

Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(ii) Capitalisation of borrowing costs

Borrowing costs directly attributable to property development activities 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.

(p) Equity Instruments

Ordinary shares are classified as equity. 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.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity.

(q) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period 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 and the Company paid 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 income statements 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.

(r) Financial Instruments

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.

(s) 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.

(t) 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 and the Company's accounting policies

In the process of applying the Group's and the Company'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 year.

5. REVENUE

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Manufacturing and marketing of flexible packaging materials	209,399	194,411	206,680	189,271
Sales of completed property units	7,201	6,308	1,981	1,545
Property development revenue	565	1,690	-	-
	217,165	202,409	208,661	190,816

6. COST OF SALES

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cost of inventories sold	190,062	173,950	189,442	171,417
Cost of completed property units sold	4,963	3,910	1,345	1,020
Property development costs	462	1,333	-	-
	195,487	179,193	190,787	172,437

7. PROFIT FROM OPERATIONS

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

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Staff costs (including executive directors' remuneration):				
- Wages, salaries and others	(19,168)	(18,029)	(17,909)	(16,979)
- Contributions to defined contribution plan	(1,621)	(1,659)	(1,520)	(1,552)
Depreciation and amortisation:				
- Property, plant and equipment	(7,853)	(7,777)	(7,823)	(7,739)
- Prepaid lease payments	(74)	(74)	(74)	(74)
Foreign exchange gain/(loss):				
- Realised	(616)	(781)	(616)	(781)
- Unrealised	(32)	81	(32)	81
Reversal of allowance/(Allowance) for doubtful debts - net of recoveries	191	(1,376)	191	(1,376)
Bad debts written off	(7)	(29)	-	-
Audit fee	(91)	(81)	(52)	(45)
Property, plant and equipment:				
- Gain/(Loss) on disposal	81	(151)	81	(151)
- Written off	(354)	(164)	(354)	(164)
Write-down of inventories	(471)	(310)	(471)	(310)
Reversal of write-down of inventories	121	183	121	183
Rental of premises	(167)	(248)	(149)	(128)
Other interest received	106	167	82	133
Interest received from subsidiary companies	-	-	463	694
Dividend income from subsidiary company	-	-	160	91
Rental income received	1	-	1	-
Legal services paid to firms in which directors are members for services rendered in professional capacity	(109)	(3)	-	-

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	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration:				
Executive				
Basic salaries, bonus and other emoluments	1,685	1,862	1,625	1,862
Defined contribution plan	244	274	236	274
Non executive				
Fees	56	80	56	80
Other emoluments	151	131	151	131
	2,136	2,347	2,068	2,347

The estimated monetary value of benefits-in-kind received by the directors from the Group and the Company during the financial year amounted to RM47,000 (2007: RM47,000).

9. FINANCE COSTS

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Long-term loans	891	856	618	856
Bankers acceptances	566	892	566	892
Bank overdrafts	151	193	69	111
Hire-purchase	38	29	34	18
Export credit refinancing	253	15	253	15
Others	59	85	59	85
	1,958	2,070	1,599	1,977
Less:				
Amount capitalised in land held for development				
Long-term loan (Note 13)	(273)	-	-	-
Bank overdraft (Note 13)	(82)	-	-	-
	(355)	-	-	-
	1,603	2,070	1,599	1,977

10. TAX EXPENSE/(INCOME)

	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
Current tax:				
Current year				
- Malaysian tax	1,212	1,211	933	884
- Foreign tax	130	237	-	-
(Over)/Under provision in prior years	(5)	4	(6)	2
	1,337	1,452	927	886
Deferred tax (Note 17):				
Current year	(757)	(1,203)	(609)	(1,185)
Under/(Over) provision in prior years	121	(32)	121	(30)
	(636)	(1,235)	(488)	(1,215)
	701	217	439	(329)

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

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before tax	**9,010**	9,199	**9,151**	7,346
Tax at the statutory income tax rate of 26% (2007: 27%)	**2,343**	2,484	**2,379**	1,984
Tax effect of:				
- different tax rate of subsidiary company operating in other jurisdictions	**18**	26	**-**	-
- different tax rate for different level of income	**(30)**	(35)	**-**	-
- reduction in income tax rate	**(249)**	(612)	**(261)**	(623)
Tax effect of expenses not deductible in determining taxable profit	**230**	308	**97**	132
Utilisation of reinvestment allowances not previously recognised	**(1,836)**	(1,746)	**(1,836)**	(1,746)
Utilisation of tax losses	**-**	(65)	**-**	-
Tax effect of income not taxable in determining taxable profit	**(23)**	(22)	**(55)**	(48)
Share of associated company's tax	**132**	(93)	**-**	-
Under/(Over) provision in prior years	**116**	(28)	**115**	(28)
Tax expense/(income) for the year	**701**	217	**439**	(329)

As of December 31, 2008, the Company has unabsorbed reinvestment allowances carried forward amounting to approximately RM8,826,000 (2007: RM11,786,000), which subject to the agreement of the tax authorities, are available for set-off against future taxable income of the Company. The tax effect will be recognised only upon actual realisation.

11. EARNINGS PER ORDINARY SHARE

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

	The Group	
	2008 RM'000	2007 RM'000
Profit attributable to ordinary equity holders of the Company (RM'000)	**8,156**	8,684
Weighted average number of ordinary shares in issue ('000)	**75,901**	75,901
Basic earnings per ordinary share (sen)	**10.7**	11.4

12. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost	Buildings under long leases RM'000	Plant and machinery RM'000	Printing cylinders RM'000	Motor vehicles RM'000	Equipment, furniture, fixtures and fittings RM'000	Construction-in-progress RM'000	Total RM'000
Balance at January 1, 2007	20,787	105,123	11,096	2,413	3,495	-	142,914
Additions	89	407	357	808	1,041	30	2,732
Disposals	-	(580)	-	(198)	(3)	-	(781)
Write-off	-	(608)	-	-	-	-	(608)
Transfer from investment property	190	-	-	-	-	-	190
Currency translation Difference	-	-	-	6	1	-	7
Balance at December 31, 2007	21,066	104,342	11,453	3,029	4,534	30	144,454
Balance at January 1, 2008	**21,066**	**104,342**	**11,453**	**3,029**	**4,534**	**30**	**144,454**
Additions	**169**	**7,575**	**813**	**299**	**245**	**-**	**9,101**
Disposals	**-**	**(246)**	**-**	**(345)**	**(5)**	**-**	**(596)**
Write-off	**(6)**	**(123)**	**(318)**	**(148)**	**-**	**-**	**(595)**
Reclassification	**30**	**-**	**-**	**-**	**-**	**(30)**	**-**
Currency translation difference	**-**	**-**	**-**	**(32)**	**(15)**	**-**	**(47)**
Balance at December 31, 2008	**21,259**	**111,548**	**11,948**	**2,803**	**4,759**	**-**	**152,317**

Accumulated Depreciation	Buildings under long leases RM'000	Plant and machinery RM'000	Printing cylinders RM'000	Motor vehicles RM'000	Equipment, furniture, fixtures and fittings RM'000	Construction-in-progress RM'000	Total RM'000
Balance at January 1, 2007	3,390	66,366	9,490	1,827	2,195	-	83,268
Charge for the year	425	5,981	725	293	353	-	7,777
Disposals	-	(111)	-	(198)	(2)	-	(311)
Write-off	-	(444)	-	-	-	-	(444)
Transfer from investment property	15	-	-	-	-	-	15
Balance at December 31, 2007	3,830	71,792	10,215	1,922	2,546	-	90,305
Balance at January 1, 2008	**3,830**	**71,792**	**10,215**	**1,922**	**2,546**	**-**	**90,305**
Charge for the year	**436**	**5,907**	**808**	**306**	**396**	**-**	**7,853**
Disposals	**-**	**(246)**	**-**	**(345)**	**(2)**	**-**	**(593)**
Write-off	**(1)**	**(111)**	**(117)**	**(12)**	**-**	**-**	**(241)**
Currency translation difference	**-**	**-**	**-**	**(13)**	**(9)**	**-**	**(22)**
Balance at December 31, 2008	**4,265**	**77,342**	**10,906**	**1,858**	**2,931**	**-**	**97,302**
Net Book Value							
As of December 31, 2007	17,236	32,550	1,238	1,107	1,988	30	54,149
As of December 31, 2008	**16,994**	**34,206**	**1,042**	**945**	**1,828**	**-**	**55,015**

The Company

Cost	Buildings under long leases RM'000	Plant and machinery RM'000	Printing cylinders RM'000	Motor vehicles RM'000	Equipment, furniture, fixtures and fittings RM'000	Construction-in-progress RM'000	Total RM'000
Balance at January 1, 2007	20,787	105,123	11,096	2,240	3,437	-	142,683
Additions	89	407	357	808	1,020	30	2,711
Disposals	-	(580)	-	(198)	(3)	-	(781)
Write-off	-	(608)	-	-	-	-	(608)
Transfer from investment property	190	-	-	-	-	-	190
Balance at December 31, 2007	21,066	104,342	11,453	2,850	4,454	30	144,195
Balance at January 1, 2008	**21,066**	**104,342**	**11,453**	**2,850**	**4,454**	**30**	**144,195**
Additions	**169**	**7,575**	**813**	**299**	**236**	**-**	**9,092**
Disposals	**-**	**(246)**	**-**	**(345)**	**(5)**	**-**	**(596)**
Write-off	**(6)**	**(123)**	**(318)**	**(148)**	**-**	**-**	**(595)**
Reclassification	**30**	**-**	**-**	**-**	**-**	**(30)**	**-**
Balance at December 31, 2008	**21,259**	**111,548**	**11,948**	**2,656**	**4,685**	**-**	**152,096**

Accumulated Depreciation	Buildings under long leases RM'000	Plant and machinery RM'000	Printing cylinders RM'000	Motor vehicles RM'000	Equipment, furniture, fixtures and fittings RM'000	Construction-in-progress RM'000	Total RM'000
Balance at January 1, 2007	3,390	66,366	9,490	1,792	2,173	-	83,211
Charge for the year	425	5,981	725	271	337	-	7,739
Disposals	-	(111)	-	(198)	(2)	-	(311)
Write-off	-	(444)	-	-	-	-	(444)
Transfer from investment property	15	-	-	-	-	-	15
Balance at December 31, 2007	3,830	71,792	10,215	1,865	2,508	-	90,210
Balance at January 1, 2008	**3,830**	**71,792**	**10,215**	**1,865**	**2,508**	**-**	**90,210**
Charge for the year	**436**	**5,907**	**808**	**289**	**383**	**-**	**7,823**
Disposals	**-**	**(246)**	**-**	**(345)**	**(2)**	**-**	**(593)**
Write-off	**(1)**	**(111)**	**(117)**	**(12)**	**-**	**-**	**(241)**
Balance at December 31, 2008	**4,265**	**77,342**	**10,906**	**1,797**	**2,889**	**-**	**97,199**
Net Book Value							
As of December 31, 2007	17,236	32,550	1,238	985	1,946	30	53,985
As of December 31, 2008	**16,994**	**34,206**	**1,042**	**859**	**1,796**	**-**	**54,897**

Included in property, plant and equipment of the Group and the Company are fully depreciated property, plant and equipment with an aggregate cost of approximately RM42,589,000 (2007: RM37,909,000) and RM42,568,000 (2007: RM37,904,000) which are still in use as of December 31, 2008.

Motor vehicles of the Group and the Company with an aggregate net book values of RM874,000 (2007: RM791,000) and RM801,000 (2007: RM690,000) as of December 31, 2008 respectively were acquired through hire-purchase.

13. LAND HELD FOR DEVELOPMENT

	The Group	
	2008 RM'000	2007 RM'000
Leasehold land at cost	11,896	-
At beginning of year	-	-
Addition during the year	11,896	-
At end of year	11,896	-

(a) Current year charges to land held for development include the following:

	2008 RM'000	2007 RM'000
Interest expense on:		
Long-term loan (Note 9)	273	-
Bank overdraft (Note 9)	82	-
	355	-

(b) The land held for development has been charged as a security for bank borrowings as disclosed in Note 25 and Note 28.

14. PREPAID LEASE PAYMENTS

	The Group and The Company	
	2008 RM'000	2007 RM'000
Cost		
At beginning and end of year	7,036	7,036
Accumulated amortisation		
At beginning of year	(782)	(708)
Amortisation for the year	(74)	(74)
At end of year	(856)	(782)
Net carrying value	6,180	6,254

Prepaid lease payments are in respect of the Group's and the Company's long leasehold land. As of December 31, 2008, the unexpired lease periods of the said long leasehold land are 83 and 86 years.

15. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2008	2007
	RM'000	RM'000
Unquoted shares - at cost	1,500	1,500

Details of the direct subsidiary companies are as follows:

Name of companies	Country of incorporation	Effective percentage ownership 2008	Effective percentage ownership 2007	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.

16. INVESTMENT IN ASSOCIATED COMPANY

	The Group	
	2008	2007
	RM'000	RM'000
Unquoted shares - at cost	22,568	22,568
Share of post-acquisition profit	438	946
	23,006	23,514

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

	The Group	
	2008	2007
	RM'000	RM'000
Share of net tangible assets - at fair value	22,737	23,245
Goodwill	269	269
	23,006	23,514

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

Name of company	Effective percentage ownership 2008	Effective percentage ownership 2007	Principal activity
Skyline Resources (M) Sdn. Bhd.	36%	36%	Property development

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

	2008 RM'000	2007 RM'000
Assets and liabilities		
Current assets	25,823	40,006
Non-current assets	67,304	49,548
Total assets	93,127	89,554
Current liabilities	44,951	39,157
Non-current liabilities	2,744	5,227
Total liabilities	47,695	44,384
Results		
Revenue	10,458	15,107
Profit for the year	263	2,228

17. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
Deferred tax assets	29	39	-	-
Deferred tax liabilities	(7,028)	(7,667)	(7,334)	(7,822)
	(6,999)	(7,628)	(7,334)	(7,822)
At beginning of year	(7,628)	(8,863)	(7,822)	(9,037)
Currency translation differences	(7)	-	-	-
Transfer to income statements (Note 10)	636	1,235	488	1,215
At end of year	(6,999)	(7,628)	(7,334)	(7,822)

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

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets				
Others	29	39	-	-
Deferred tax liabilities				
Property, plant and equipment	7,963	8,457	7,963	8,457
Others	(935)	(790)	(629)	(635)
	7,028	7,667	7,334	7,822

18. INVENTORIES

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Raw materials	12,882	11,341	12,882	11,341
Work-in-progress	5,277	4,958	5,277	4,958
Finished goods	15,072	13,933	12,504	11,981
Consumables	1,158	682	1,158	682
Completed property units	6,732	11,695	658	2,003
Total	41,121	42,609	32,479	30,965

In 2007, certain completed property units of a subsidiary company have been charged to a foreign licensed bank as a security for a bank overdraft facility granted to the said subsidiary company as mentioned in Note 28. During the financial year, the security had been discharged as the bank overdraft facility was fully settled.

Cost of inventories recognised as an expense of the Group and the Company during the year amounted to RM154,258,000 (2007: RM141,231,000) and RM150,019,000 (2007: RM135,807,000) respectively.

The cost of inventories recognised as an expense for the Group and the Company includes RM471,000 (2007: RM310,000) in respect of write-downs of inventory to net realisable value, and has been reduced by RM121,000 (2007: RM183,000) in respect of the reversal of such write-downs as a result of increased sales prices.

19. PROPERTY DEVELOPMENT COSTS

Property development costs comprise the following:

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
At beginning of year:				
Freehold land	3,595	6,057	73	73
Development costs	1,097	3,965	146	146
	4,692	10,022	219	219
Additions:				
Development costs	-	4,003	-	-
	4,692	14,025	219	219
Costs recognised as an expense in income statements	(462)	(1,333)	-	-
Transfer to inventories	-	(8,000)	-	-
At end of year:				
Freehold land	3,260	3,595	73	73
Development costs	970	1,097	146	146
	4,230	4,692	219	219

In 2007, freehold land of a subsidiary company included in the property development costs has been charged to a foreign licensed bank as security for a bank overdraft facility as disclosed in Note 28. During the financial year, the security had been discharged as the bank overdraft facility was fully settled.

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Trade receivables	42,172	39,962	38,113	35,591
Allowance for doubtful debts	(1,918)	(2,109)	(1,918)	(2,109)
	40,254	37,853	36,195	33,482
Other receivables	342	207	342	205
Prepaid expenses	41	94	18	13
Deposits	790	2,660	784	1,526
	41,427	40,814	37,339	35,226

The credit period granted on sales of goods and property range from letter of credit at sight to 180 days (2007: letter of credit at sight to 180 days). An allowance has been made for estimated irrecoverable amounts from the sales of goods of RM1,918,000 (2007: RM2,109,000) 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	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	30,984	26,951	29,738	25,267
United States Dollar	8,364	9,642	8,364	9,642
Australian Dollar	2,813	2,688	-	1
Singapore Dollar	11	681	11	681
	42,172	39,962	38,113	35,591

21. 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:-

(i) the trade transactions that are repayable within the normal trade terms of 90 days (2007: 90 days) and bear interest at rates ranging from 5.56% to 5.63% (2007: 5.50% to 5.56%) per annum; and

(ii) certain portion of advances from holding company bears interest at rates ranging from 6.50% to 6.75% (2007: 6.75%) per annum.

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

	The Company	
	2008	2007
	RM'000	RM'000
Ringgit Malaysia	39,050	35,325
Australian Dollar	4,859	3,574
	43,909	38,899

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

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Subsidiary companies				
Daibochi Australia Pty. Ltd.				
- Sales of goods	-	-	18,119	11,760
- Dividend received	-	-	160	91
- Interest received	-	-	58	47
Daibochi Land Sdn. Bhd.				
- Advances	-	-	3,317	3,528
- Interest received	-	-	405	647
Associated company				
Skyline Resources (M) Sdn. Bhd. *				
- Management fee payable	240	300	-	-

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

Compensation of key management personnel

The remuneration of key management personnel, excluding directors of the Company, during the year are as follows:

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	1,940	1,756	1,641	1,492
Contributions to defined contribution plan	248	217	225	198
	2,188	1,973	1,866	1,690

22. SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Short-term deposits with a licensed bank	4,400	1,400	3,200	1,400
Housing Development Accounts with licensed banks	154	253	*	*
Cash and bank balances	5,844	5,827	5,336	4,924
	10,398	7,480	8,536	6,324

* denotes RM Nil (2007: RM104)

Short-term deposits with a licensed bank of the Group and the Company earn interest at rates ranging from 2.50% to 2.80% (2007: 2.50% to 2.85%) per annum and have maturity period ranging from 1 day to 8 days (2007: 1 day to 10 days).

Included in cash and bank balances of the Group is an amount of RM154,000 (2007: RM253,000) held under a Housing Development Account 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 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	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	**8,109**	4,738	**6,410**	4,240
United States Dollar	**1,656**	1,577	**1,656**	1,577
Australian Dollar	**633**	1,165	**470**	507
	10,398	7,480	**8,536**	6,324

23. SHARE CAPITAL

	The Group and The Company	
	2008	2007
	RM'000	RM'000
Authorised:		
Ordinary shares of RM1 each		
At beginning and end of year	**200,000**	200,000
Issued and fully paid:		
Ordinary shares of RM1 each		
At beginning and end of year	**75,902**	75,902
Treasury shares:		
At beginning of year	**(1)**	-
Repurchased during the year	**-**	(1)
At end of year	**(1)**	(1)

24 RESERVES

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Non-distributable reserves:				
Share premium	1,224	1,224	1,224	1,224
Translation reserve	(187)	20	-	-
Distributable reserve:				
Retained earnings	36,733	33,131	33,058	28,900
	37,770	34,375	34,282	30,124

Share premium

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

Translation reserve

	The Group	
	2008	2007
	RM'000	RM'000
At beginning of year	20	(15)
Exchange differences arising on translation of foreign operations	(207)	35
At end of year	(187)	20

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

In accordance with the Finance Act 2007, the single tier income tax system became effective from the year of assessment 2008. Companies without Section 108 tax credit will automatically move to the new single tier income tax system on January 1, 2008 whilst companies with such tax credit are given an irrevocable option to elect for a switch to the new system during the transitional period of six years. All the companies will be in the new system on January 1, 2014. Under the new system, tax on profits of companies is a final tax and dividend distributed will be exempted from tax in the hands of the shareholders.

As of the balance sheet date, the Company has not opted to elect for a switch to the new system. Accordingly, as of December 31, 2008, subject to agreement with the tax authorities, and based on the prevailing tax rate applicable to dividend, there is sufficient Malaysian (Section 108) tax credit and tax-exempt income to frank dividends out of its entire retained earnings of the Company.

25. LONG-TERM LOANS

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Outstanding loan principal				
- Unsecured	8,884	10,356	8,884	10,356
- Secured	3,656	-	-	-
	12,540	10,356	8,884	10,356
Less: Portion due within one year				
- included under current liabilities				
- Unsecured	(6,425)	(5,322)	(6,425)	(5,322)
- Secured	(412)	-	-	-
	(6,837)	(5,322)	(6,425)	(5,322)
	5,703	5,034	2,459	5,034

The non-current portion is repayable as follows:

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Financial years ending December 31,				
2009	-	4,982	-	4,982
2010	1,985	52	1,541	52
2011	1,397	-	918	-
2012	516	-	-	-
2013	556	-	-	-
2014 and thereafter	1,249	-	-	-
	5,703	5,034	2,459	5,034

The unsecured term loans of the Group and the Company bear interest at effective interest rates ranging from 4.75% to 6.75% (2007: 5.10% to 6.75%) per annum and are repayable by 36 to 60 monthly installments except for a term loan which is repayable by 10 bi-annually installments over 60 months. The term loans are obtained by a negative pledge over all the Company's assets.

The secured term loan of a subsidiary company bears interest at effective interest rates ranging from 7.50% to 7.75% (2007: Nil) per annum and is repayable by 96 monthly installments. The term loan is secured by a charge over a plot of leasehold commercial land included in land held for development as mentioned in Note 13 and covered by a corporate guarantee issued by the Company.

26. HIRE-PURCHASE PAYABLES

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Total installments outstanding	738	775	677	664
Less: Interest-in-suspense	(47)	(66)	(44)	(55)
Principal outstanding	691	709	633	609
Less: Portion due within one year				
- included under current liabilities	(348)	(223)	(290)	(195)
Non-current portion	343	486	343	414

The non-current portion is repayable as follows:

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Financial years ending December 31,				
2009	-	278	-	206
2010	228	139	228	139
2011	96	50	96	50
2012	19	19	19	19
	343	486	343	414

The hire-purchase liabilities of the Group and the Company are repayable by 36 to 84 monthly installments (2007: 36 to 84 monthly installments). For the financial year ended December 31, 2008, the effective interest rates are 4.40% to 7.87% (2007: 4.40% to 7.87%) 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.

27. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Trade payables	27,591	25,039	27,346	24,287
Accrued expenses	5,889	5,868	5,643	5,697
Deposits payable	42	7	-	-
	33,522	30,914	32,989	29,984

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 (2007: letter of credit at sight to 120 days).

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

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	24,164	21,869	24,164	21,506
United States Dollar	3,034	2,700	3,034	2,700
Australian Dollar	245	389	-	-
Singapore Dollar	156	35	156	35
Other currencies	(8)	46	(8)	46
	27,591	25,039	27,346	24,287

28. SHORT-TERM BORROWINGS

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Bankers acceptances	14,145	11,902	14,145	11,902
Export credit refinancing	10,604	5,020	10,604	5,020
	24,749	16,922	24,749	16,922
Secured:				
Bank overdrafts	-	1,439	-	1,439
	24,749	18,361	24,749	18,361

During the financial year, interest on bank overdrafts, bankers acceptances and export credit refinancing is chargeable at rates ranging from 7.00% to 8.25% (2007: 7.50% to 8.25%), 3.85% to 4.38% (2007: 3.75% to 4.17%) and 3.75% (2007: 3.75%) 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 facility of a subsidiary company which is secured by a fixed charge for up to RM4,000,000 (2007: RM3,000,000) over:

(a) a plot of leasehold commercial land of the subsidiary company included in land held for development as mentioned in Note 13;

(b) freehold land of the subsidiary company included in property development costs as mentioned in Note 19. During the financial year, the security had been discharged;

(c) certain completed property units of a subsidiary company as mentioned in Note 18. During the financial year, the security had been discharged; and

(d) a corporate guarantee issued by the Company.

29. DIVIDENDS PAID

	2008 RM'000	2007 RM'000
First and final tax exempt dividend of 6% in respect of the financial year ended 31 December 2007	4,554	-
First and final tax exempt dividend of 4% in respect of the financial year ended 31 December 2006	-	3,036
	4,554	3,036

A first and final dividend of 6%, tax-exempt, amounting to RM4,554,048, 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 6%, tax-exempt, amounting to RM4,554,048 in respect of the current financial year. The proposed dividend is subject to the approval by shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

30. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Short-term deposits with a licensed bank	4,400	1,400	3,200	1,400
Housing Development Accounts with licensed banks (Note 22)	154	253	*	*
Cash and bank balances	5,844	5,827	5,336	4,924
Bank overdrafts (Note 28)	-	(1,439)	-	(1,439)
	10,398	6,041	8,536	4,885

* denotes RM Nil (2007: RM104)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

As of December 31, 2008, the fair value of the foreign currency forward contracts and options of the Group and the Company is as follows:

	2008		2007	
	Contracted Value RM'000	Fair Value RM'000	Contracted Value RM'000	Fair Value RM'000
Off Balance Sheet Items				
Foreign currency forward contracts and options	-	-	3,421	43

The fair value of a foreign currency forward exchange contract and option is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the balance sheet date applied to a contract or option of a similar quantum and maturity profile.

(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 22, 25 and 28.

(c) Credit risk

The Group's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets are 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 requirements of working capital. Since liquidity risk is closely linked to credit risk, the previously mentioned credit risk control mechanism applies 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	
		2008	2007	2008	2007
The Group	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial liabilities					
Long-term loans	25	12,540	10,356	12,097	10,336
Hire-purchase payables	26	691	709	611	602
The Company					
Financial asset					
Amount receivable from subsidiary companies, non-trade *	21	39,050	35,325	-	-
Financial liabilities					
Long-term loans	25	8,884	10,356	8,441	10,336
Hire-purchase payables	26	633	609	557	515

* It is not practical to estimate the fair value of amount receivable from subsidiary companies as the advances have no definite 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.

32. LEASE COMMITMENTS

As of December 31, 2008, the Group has the following non-cancellable lease commitments in respect of rental of premises:

	The Group Future Minimum Lease Payments	
	2008	2007
	RM'000	RM'000
Financial years ending December 31,		
2008	-	203
2009	179	218
2010	179	218
2011	179	218
2012	30	36
	567	893

33. CONTINGENT LIABILITIES

As of December 31, 2008, the Company has issued corporate guarantees totalling RM8,500,000 (2007: RM3,500,000) in respect of credit facilities granted by licensed banks to one of its subsidiary companies. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities utilised by the subsidiary company.

34. CASH GENERATED FROM OPERATIONS

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit for the year	8,309	8,982	8,712	7,675
Adjustments for:				
Tax expense/(income)	701	217	439	(329)
Unrealised loss/(gain) on foreign exchange	32	(81)	32	(81)
(Reversal of allowance)/Allowance for doubtful debts - net of recoveries	(191)	1,376	(191)	1,376
Bad debts written off	7	29	-	-
Property, plant and equipment:				
- (Gain)/Loss on disposal	(81)	151	(81)	151
- Written off	354	164	354	164
Depreciation and amortisation:				
- Property, plant and equipment	7,853	7,777	7,823	7,739
- Prepaid land lease payments	74	74	74	74
Share of results of associated company	508	(344)	-	-
Write-down of inventories	471	310	471	310
Reversal of write-down of inventories	(121)	(183)	(121)	(183)
Finance costs	1,603	2,070	1,599	1,977
Other interest received	(106)	(167)	(82)	(133)
Interest received from subsidiary companies	-	-	(463)	(694)
Dividend income from subsidiary company	-	-	(160)	(91)
Operating profit before changes in working capital	19,413	20,375	18,406	17,955
Movement in working capital :				
(Increase)/Decrease in:				
Inventories	687	3,471	(1,864)	8,526
Trade and other receivables	(5,389)	5,748	(1,901)	6,635
Property development costs	462	5,330	-	-
Amount receivable from subsidiary company	-	-	(1,388)	407
Increase/(Decrease) in:				
Trade and other payables	6,575	(7,487)	3,056	(5,314)
Cash generated from operations	21,748	27,437	16,309	28,209

35. 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 properties

Unallocated costs represent common costs and expenses incurred in dormant subsidiary companies. Segment assets consist primarily of property, plant and equipment, prepaid lease payments, inventories, property development costs, operating receivables and cash, and mainly exclude investments, tax recoverable and deferred tax assets. Segment liabilities comprise operating liabilities and exclude items such as borrowings and 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 INFORMATION

2008	Packaging RM'000	Property Development RM'000	Eliminations RM'000	Group RM'000
Revenue	209,399	7,766	-	217,165
Results				
Segment results	9,809	1,551	-	11,360
Unallocated costs				(239)
Profit from operations				11,121
Finance costs				(1,603)
Share of results of associated company	-	(508)	-	(508)
Profit before tax				9,010
Income tax				(701)
Profit for the year				8,309
Other information				
Capital additions	9,101	-	-	9,101
Depreciation and amortisation				
- Property, plant and equipment	7,853	-	-	7,853
- Prepaid lease payments	74	-	-	74

2008	Packaging RM'000	Property Development RM'000	Eliminations RM'000	Group RM'000
Consolidated Balance Sheet				
Assets				
Segment assets	181,566	26,236	(37,535)	170,267
Investment in associated company	-	23,006	-	23,006
Unallocated assets				125
Consolidated total assets				193,398
Liabilities				
Segment liabilities	33,435	37,620	(37,535)	33,520
Unallocated liabilities				45,387
Consolidated total liabilities				78,907

SEGMENT INFORMATION

2007	Packaging RM'000	Property Development RM'000	Eliminations RM'000	Group RM'000
Revenue	194,411	7,998	-	202,409
Results				
Segment results	9,107	2,032	-	11,139
Unallocated costs				(214)
Profit from operations				10,925
Finance costs				(2,070)
Share of results of associated company	-	344	-	344
Profit before tax				9,199
Income tax				(217)
Profit for the year				8,982
Other information				
Capital additions	2,732	-	-	2,732
Depreciation and amortisation				
- Property, plant and equipment	7,777	-	-	7,777
- Prepaid lease payments	74	-	-	74

2007	Packaging RM'000	Property Development RM'000	Eliminations RM'000	Group RM'000
Consolidated Balance Sheet				
Assets				
Segment assets	169,997	19,705	(33,704)	155,998
Investment in associated company	-	23,514	-	23,514
Unallocated assets				55
Consolidated total assets				179,567
Liabilities				
Segment liabilities	30,505	34,113	(33,704)	30,914
Unallocated liabilities				37,394
Consolidated total liabilities				68,308

36. CAPITAL COMMITMENTS

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Capital expenditure approved and contracted for in respect of:				
- Purchase of land	-	9,926	-	-
- Purchase of plant and equipment	1,645	3,317	1,645	3,317
- Purchase of motor vehicle	-	142	-	142
- Construction work in progress	-	29	-	29

SHAREHOLDINGS

Authorised Share Capital	: RM 200,000,000
Issued and Paid-up Share Capital	: RM 75,901,801 comprising 75,901,801 ordinary share of RM1.00 each
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

	Shareholders		No. of Shares Held	
Size of shareholdings	No.	%	No.	%
less than 100	261	6.81	12,227	0.02
100 - 1,000 *	281	7.33	211,344	0.28
1,001 - 10,000	2,530	65.99	10,205,664	13.44
10,001 - 100,000	690	18.00	17,470,580	23.02
100,001 to less than 5% of issued shares	70	1.82	38,501,826	50.73
5% and above of issued shares	2	0.05	9,499,160	12.51
Total	3,834	100.00	75,900,801	100.00

* Excluding a total of 1,000 shares bought-back by the Company and retained as treasury shares.

SUBSTANTIAL SHAREHOLDERS

	No. of shares			% of issued
Name	Direct	Deemed	Note	share
Low Chan Tian	4,836,720	3,673,240	a	11.21
Datuk Wong Soon Lim	4,662,440	186,300	b	6.39

DIRECTORS' SHAREHOLDINGS

	No. of shares			% of issued
Name	Direct	Deemed	Note	share
Low Chan Tian	4,836,720	3,673,240	a	11.21
Datuk Wong Soon Lim	4,662,440	186,300	b	6.39
Yong Jaw Teck	1,406,873	-		1.85
Chee Ho Chun	122,000	39,033	b	0.21
Lim Soo Koon	60,000	-		0.08
P. James Edwin A/L Louis Pushparatnam	6,280	-		0.01
Hiew Chee Peng	-	-		0.00
Sim Lian Hing	-	-		0.00

Note :
(a) Deemed interest through spouse and son
(b) Deemed interest through spouse

THIRTY LARGEST SHAREHOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

Name	No. of shares	% of issued share
Datuk Wong Soon Lim	3,555,773	4.68
Teh Kim Hong	3,469,181	4.57
Yulina Binti Baharuddin	3,072,000	4.05
Low Chan Tian	2,902,320	3.82
Chua Lin Neo @ Irene Chua	2,382,480	3.14
Chew Soon Heng	2,357,748	3.11
Lim Koy Peng	2,105,000	2.77
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
Yong Jaw Teck	1,406,873	1.85
Mayban Nominees (Asing) Sdn Bhd - San Tuan Sam	1,402,300	1.85
Liow Keng Eng	1,336,000	1.76
Permodalan Nasional Berhad	1,173,500	1.55
Quarry Lane Sdn Bhd	1,000,000	1.32
HDM Nominees (Asing) Sdn Bhd - UOB Kay Hian Pte Ltd for YCH Holdings (Pte) Ltd	820,000	1.08
Lim Keat Sear	698,400	0.92
Chong Chee Meng	635,600	0.84
Lim Yah Mei	538,700	0.71
Mary Anne Low Chai Yik	529,900	0.70
Ong Siew Beng	491,000	0.65
HLB Nominees (Tempatan) Sdn Bhd - Datuk Wong Soon Lim	480,000	0.63
CIMB Group Nominees (Tempatan) Sdn Bhd - Datuk Wong Soon Lim	408,000	0.54
Tan Cheo Tee	337,400	0.44
Malacca Equity Nominees (Tempatan) Sdn Bhd - Hoo Beng Lee	335,700	0.44
Ho Wai Hoe	290,000	0.38
Ng Choh Choo	266,667	0.35
Lim Kiat Lee	250,100	0.33
	41,608,246	54.82

Location	Description	Age Of Buildings	Area	Tenure	Date Of Acquisition	Net Book Value As At 31 December 2008 RM'000
Lot 824, Kawasan Bandar VI, 75200 Melaka	Commercial Land	-	3.866 hectares	Leasehold expiring on 17.11.2095	31.01.2008	11,896
Lot 7, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	2 buildings - 16 years 3 buildings - 15 years 1 building - 14 years 1 building - 13 years	2.692 hectares	Leasehold expiring on 24.05.2091	29.10.1991	9,576
Lot 3, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	1 building - 16 years 2 buildings - 13 years 1 building - 11 years 1 building - 9 years 1 building - 8 years 1 building - 4 years	2.062 hectares	Leasehold expiring on 24.05.2091	03.07.1995	6,239
GM 28, Lot 271 & 275, Mukim of Bertam, 75250 Melaka	Land and development costs	-	141,200 sq feet	Freehold	30.09.2002	4,011
PT 2598, Mukim of Bukit Baru, 75450 Melaka	Factory cum office building	15 years	89,814 sq feet	Leasehold expiring on 11.05.2094	24.05.2004	1,007
Lot 1016, Mukim of Bukit Baru, 75150 Melaka	Land and development costs	-	13,326 sq feet	Freehold	16.09.1989	219
11/A2 Kondominium Siantan Puri, Kg Lapan, 75200 Melaka	1 unit 4 bedroom condominium	7 years	1,550 sq feet	Leasehold expiring on 24.08.2099	07.09.2001	172
						33,120

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 Sixth Annual General Meeting of the Company, to be held at Bunga Melati Room, Level 7, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Friday, 29 May 2009 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below .

ORDINARY BUSINESS		**FOR**	**AGAINST**
1. Receipt of Financial Statements and Reports	Resolution 1		
2. Declaration of Dividend	Resolution 2		
3. Approval of Directors' fees	Resolution 3		
4. Re-election of Director under Article 103 - Yong Jaw Teck	Resolution 4		
5. Re-election of Director under Article 103 - Lim Soo Koon	Resolution 5		
6. Re-election of Director under Article 94 - Sim Lian Hing	Resolution 6		
7. Re-appointment of Messrs Deloitte KassimChan as Auditors	Resolution 7		
SPECIAL BUSINESS		**FOR**	**AGAINST**
8. Authority for Directors to allot shares pursuant to Section 132D of the Companies Act, 1965	Resolution 8		
9. Proposed renewal of share buy-back authority	Resolution 9		

(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/her discretion)

____
Signature/Common Seal

Number of shares held: ______________

Date: ______________

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

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

NOTES: -

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her 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/her 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