Daibochi Plastic And Packaging Industry Bhd

(12994-W)

ANNUAL REPORT 2009

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Net Income
Ending Cash Balance
Total Current Assets
Total Assets

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty Seventh Annual General Meeting of the Company will be held at Bunga Melati Room, Level 7, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Thursday, 20 May 2010 at 11.30 a.m. for the following purposes:

AS ORDINARY BUSINESS:

1. To receive the audited financial statements for the year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To approve Directors' fees for the year ended 31 December 2009 amounting to RM179,500 (2008: RM56,000). (Resolution 2)
3. To re-elect P.James Edwin A/L Louis Pushparatnam who is retiring under Article 103 of the Company's Articles of Association. (Resolution 3)
4. To re-elect Low Chan Tian who is retiring under Article 103 of the Company's Articles of Association. (Resolution 4)
5. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

AS SPECIAL BUSINESS:

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

6. **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 6)

7. **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 7)

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

By order of the Board

Ms.Tan Gaik Hong, MIA 4621
Secretary
Melaka

Dated: 27 April 2010

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 6

The proposed Resolution 6, if passed, will give a renewed mandate to the Directors of the Company, from the date of the forthcoming AGM, to allot and issue ordinary shares from the unissued capital of the Company pursuant to Section 132D of the Companies Act, 1965.

As at the date of the Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 29 May 2009 which will lapse at the conclusion of the forthcoming AGM.

The Board continues to consider opportunities to broaden the operating base and earnings potential of the Company. If any of the expansion proposals involves the issuance of new shares, the Directors would have to convene a general meeting to approve the issuance of new shares.

In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, it is considered appropriate that the Directors be empowered, as proposed in Resolution 6, to allot and issue shares in the Company, up to an amount not exceeding in aggregate ten percent (10%) of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

(ii) Resolution 7

Please refer to Statement to Shareholders dated 27 April 2010 for further information.

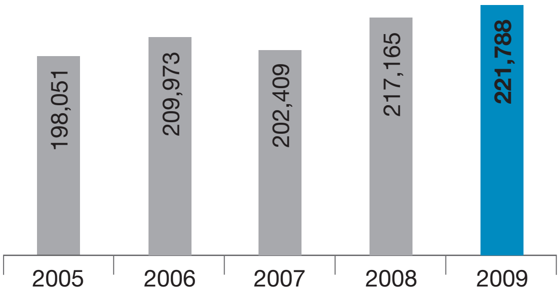
Statement Accompanying Notice Of Annual General Meeting

Directors who are seeking re-election at the Thirty Seventh Annual General Meeting of the Company are P. James Edwin A/L Louis Pushparatnam and Low Chan Tian.

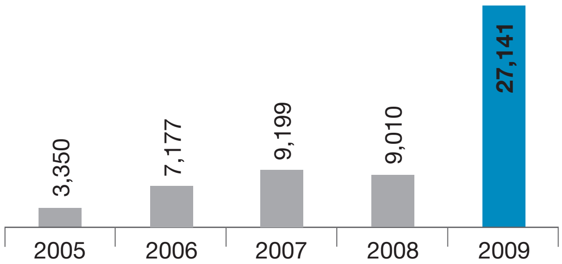
The profiles of the above Directors are set out in the section entitle “Profiles of Directors” on pages 6 to 7. Their securities holdings information are set out in the section entitled “Directors’ Shareholdings” on page 80.

Group Performance Charts

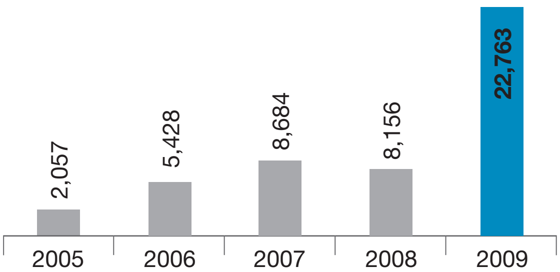
Turnover (RM'000)



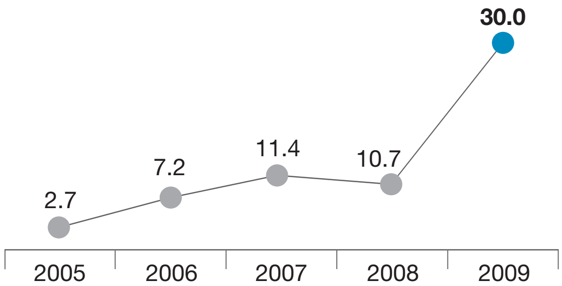
Profit Before Tax (RM'000)



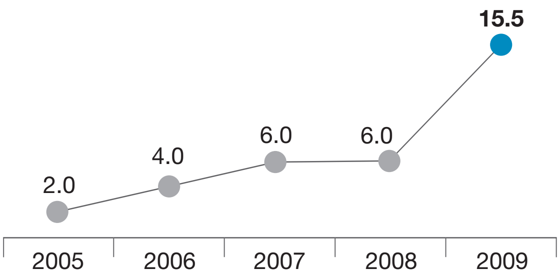
Net Profit (RM'000)



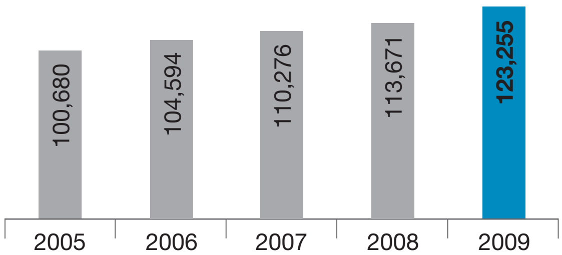
Earnings Per Share (Sen)



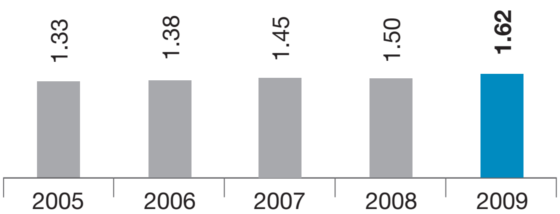
Gross Dividend Per Share (Sen)



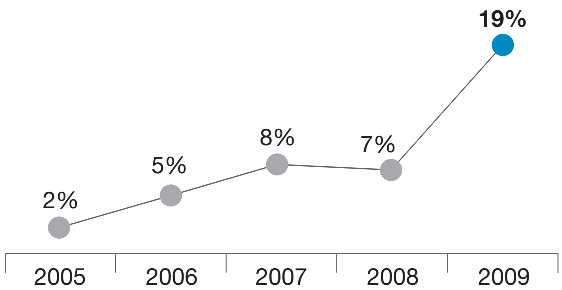
Shareholders' Equity (RM'000)



Net Tangible Assets Per Share (RM)



Return on Average Equity



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

Chee Ho Chun
Independent Non-Executive Director

Sim Lian Hing
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

Tricor Investor Services 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

AmBank (M) Berhad
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 Market
Sector : Industrial Products
Stock Name : Daiboci
Stock Code : 8125

Profiles Of Directors

P. James Edwin A/L Louis Pushparatnam, Malaysian, aged 54 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 2009.

Lim Soo Koon, Malaysian, aged 48 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 2009.

Yong Jaw Teck, Australian, aged 62 was appointed to the Board of Daibochi on 3 March 1997. He was the Managing Director from 1 October 1998 until his retirement from that position on 1 February 2005. Upon his retirement he remained on the Board as an Executive Director. He was one of the first Directors of the Company when he was appointed on 2 October 1972. He held the post of Managing Director from 1972 to 1979 when he resigned from the Company as he left for Australia. Mr. Yong subsequently rejoined the Board in 1997.

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

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

He has attended all six (6) Board of Directors' meetings held during the financial year ended 31 December 2009.

Y. Bhg. Datuk Wong Soon Lim, Malaysian, aged 56 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 2009.

Low Chan Tian, Malaysian, aged 54 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 all six (6) Board of Directors' meetings held during the financial year ended 31 December 2009.

Chee Ho Chun, Malaysian, aged 48 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, Nomination Committee and Remuneration 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 and retired from practice in February 2010. 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 2009.

Sim Lian Hing, Malaysian, aged 57 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 attended all six (6) Board of Directors' meetings held during the financial year ended 31 December 2009.

Corporate Governance Statement

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

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

The Board is 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 seven (7) members of which four (4) are Executive Directors and three (3) are Independent Non-Executive Directors. The Independent Non-Executive Directors make up forty three (43) 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 6 to 7.

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

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

Directors' Training

All members of the Board have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by 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 on corporate governance, internal audit and fraud.

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

Board meetings and supply of information

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

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

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

The Board is also notified of any corporate announcements to be released to Bursa 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 (resigned on 29 October 2009)
Chee Ho Chun (appointed on 17 November 2009)

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

Re-election of Directors

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

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

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

Directors' remuneration

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

The details of the remuneration of Directors of the Company from the Group for the year ended 31 December 2009 by category and in bands of RM50,000 are as follows:

	Fees RM'000	Salaries, bonus and other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors	-	4,364	40	4,404
Non-Executive Directors	180	174	5	359

Range of remuneration	Executive Directors	Non-Executive Directors
Up to RM50,000	-	1
RM50,001-RM100,000	-	2
RM200,001- RM250,000	-	1
RM750,001- RM800,000	2	-
RM900,001- RM950,000	1	-
RM1,900,001- RM1,950,000	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)
Lim Soo Koon
Hiew Chee Peng (resigned on 29 October 2009)
Chee Ho Chun (appointed on 17 November 2009)

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 18 to 20 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 16 to 17.

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 18 to 20 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.

During the year, the Managing Director and the Executive Directors have also met with analysts, fund managers, institutional shareholders and investors to provide updates on the performance as well as new developments.

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 19 March 2010.

Additional Compliance Information

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

b) **Share buy-back**
During the financial year, the Company repurchased 1,069,500 of its own shares from the open market of Bursa Securities for a total consideration of RM2,123,055. The shares are being held as treasury shares and none was cancelled.

The details of the shares repurchased during the financial year are as follows:

Monthly Breakdown 2009	Number of shares bought back	Lowest price paid (RM)	Highest price paid (RM)	Average price paid (RM)	Total Cost * (RM)
September	25,000	1.65	1.67	1.67	41,798
October	409,700	1.62	2.02	1.80	736,699
November	402,600	1.99	2.22	2.14	860,341
December	232,200	2.03	2.12	2.09	484,217
Total	**1,069,500**	**1.62**	**2.22**	**1.99**	**2,123,055**

* inclusive of transaction costs

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

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

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

f) **Non-audit fees**
Non-audit fees paid by the Group to external auditors during the financial year amounted to RM21,300.

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 one (1) to five (5) months. In 2009, the Company provided training for twenty six (26) 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.

Statement On Internal Control

Responsibility

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

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

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

Key Processes

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

Internal Audit Function

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

- ensuring the existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- ensuring the adequacy and effectiveness of internal control systems 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 18 to 20.

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 19 March 2010.

Audit Committee Report

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2009.

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 2009 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 (resigned on 29 October 2009)	Non-Executive Director	Yes	Attended four (4) out of four (4) meetings
Chee Ho Chun	Non-Executive Director	Yes	Attended five (5) out of five (5) meetings
Sim Lian Hing	Non-Executive Director	Yes	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.

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 the 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.

For the financial year ended 31 December, 2009, the cost incurred in maintaining the outsourced internal audit function amounted to RM60,000.

Chairman's Statement

Dear Shareholders,

It gives me great pleasure to present to you the Annual Report and the audited accounts of the Group and Company for the financial year ended 31 December 2009 ("FY2009").

The spillover effects of the financial crisis in 2008 continued to plague key economies of Europe and the United States in 2009, which correspondingly had an adverse impact on business and consumer sentiment. Against this backdrop, key commodities such as crude oil saw a reduction in selling prices, which led to lower prices of many raw materials, thus reducing production costs for the manufacturing industry overall.

Financial Overview

The Group's business model proved to be resilient in the year under review, and produced a commendable financial performance.

Group revenue grew to RM221.8 million in FY2009 from RM217.2 million in the previous year. The steady top line growth demonstrates the Group's ability to not only secure new customers, but also encourage the adoption of higher value-added services amongst existing and new customers in our flexible packaging business.

The Group recorded higher profit before tax of RM27.1 million in FY2009, from RM9.0 million previously. This significant increase was largely the result of the Group's enhanced customer and product mix, higher overseas sales, and improved operational efficiency. Gain on foreign exchange also supplemented the higher profit before tax.

These factors led the Group to achieve record high net profit of RM22.8 million in FY2009, compared to RM8.2 million previously. It is also worthwhile noting that in the past 5 financial years, the Group's net profit has grown 51% per annum on a compounded annual basis.

The Group retained a healthy balance sheet, with shareholders' equity improving to RM123.3 million as at the end of FY2009, versus RM113.7 million in the previous year. More importantly, the Group's strong operating cash flow in the year under review enabled the Group to pare down our borrowings and substantially improve our gearing level (net of cash) to 0.12 times from 0.24 times previously.

Dividend

Since the Group's listing in 1990, Daibochi has maintained the practice of paying dividends to shareholders each year. In order to reward shareholders on a sustainable basis, and taking into consideration the Group's cash flow requirements, your Board has announced a dividend policy of paying no less than 50% of the Group's net profit to shareholders.

In line with our dividend policy, and in view of the Group's remarkable financial performance, the Board has declared and paid three interim tax exempt dividends of 4.0 sen, 5.0 sen and 6.5 sen per share in respect of the second, third and fourth quarters of FY2009 respectively.

In total, the Group has declared dividends of 15.5 sen per share in respect of FY2009 - a record high for the Group, and translating to a dividend payout of RM11.7 million, or 51% of net profits.

Corporate Updates

The Group embarked on a share buy-back scheme in the year under review, with the purchase of 1,069,500 shares at an average price of RM1.99 per share as at 31 December 2009. The Board believes that the share buy-back scheme would be beneficial to shareholders.

Industry Outlook

The flexible packaging sector is indeed robust, particularly in opening up various possibilities in applications for food and beverage ("F&B") products.

In a recent study on the flexible packaging industry [1], Frost & Sullivan noted that there is an evident trend of flexible packaging gradually replacing rigid packaging, simply because of the higher merchandizing advantages afforded to manufacturers, as well as lower production and storage costs. This certainly bodes well for the Group's prospects in the future.

Growth Prospects

Going forward, the Group would continue to emphasize on growing the flexible packaging segment as our core business.

To this end, we would seek to continue expanding our customer base from the local as well as overseas markets. Our reputable clientele at present, comprising mostly multinational companies and major industry players in the F&B sector, certainly places us in good stead to expand our portfolio.

We will also tap into opportunities in new market segments such as the healthcare sector, which also has stringent criteria on product safety. We believe that this strategy will effectively broaden our revenue base, and will go a long way in further enhancing our business model.

Appreciation

I would like to thank my fellow Board members and the senior management for their insight and direction in successfully steering the Group through the challenging year just past. At this juncture, I would like to thank Mr. Hiew Chee Peng, who resigned from the Board on 29 October 2009, for his contribution during his tenure as an Independent Non-Executive Director.

The Board would also like to record its appreciation to our honoured customers, suppliers, business associates, financial institutions, Government authorities, and investors for their unwavering confidence in the Group. Lastly to the team of employees at Daibochi, may we together strive towards recording yet another stellar year in the Group's track record.

P. JAMES EDWIN A/L LOUIS PUSHPARATNAM
CHAIRMAN

19 March 2010

1 *"Southeast Asia Pacific Flexible Packaging Market for Food", Frost & Sullivan, May 2009. Countries covered in the study were Thailand, Indonesia, Malaysia, Singapore and the Philippines.*

Directors' Report

The directors of DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD. have pleasure in submitting their report and the audited financial statements of the Group and the Company for the year ended December 31, 2009.

PRINCIPAL ACTIVITIES

The Company is principally involved in manufacturing and marketing of flexible packaging materials. 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	27,141	25,155
Tax expense	(3,957)	(3,341)
Profit for the year	23,184	21,814
Attributable to:		
Equity holders of the Company	22,763	
Minority interest	421	
	23,184	

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

Since the end of the previous financial year, the Company paid:

(i) a first and final dividend of 6%, tax exempt, amounting to RM4,554,048, in respect of the financial year ended December 31, 2008 on June 23, 2009;

(ii) a first interim dividend of 4%, tax exempt, amounting to RM3,036,032 in respect of the financial year ended December 31, 2009 on August 27, 2009; and

(iii) a second interim dividend of 5%, tax exempt, amounting to RM3,756,200 in respect of the financial year ended December 31, 2009 on December 17, 2009.

On February 10, 2010, the directors declared a third interim dividend of 6.5%, tax exempt, amounting to RM4,882,384 in respect of the financial year ended December 31, 2009 which was paid on March 16, 2010. The said dividend has not been included as a liability in the financial statements as of December 31, 2009.

The directors do not recommend any final dividend to be paid for the financial year.

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

During the financial year, the Company purchased 1,069,500 units of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM2,123,055 including transaction costs and has been deducted from equity. The repurchase transactions were financed by internally generated funds and the average price paid for the shares was RM1.99.

As of December 31, 2009, the Company held as treasury shares a total of 1,070,500 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 RM2,123,768 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 STATUTORY 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 amount 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
Chee Ho Chun
Sim Lian Hing
Hiew Chee Peng (resigned on October 29, 2009)

In accordance with Article 103 of the Company's Articles of Association, Mr. P. James Edwin A/L Louis Pushparatnam and Mr. Low Chan Tian retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting of the Company.

DIRECTORS' INTERESTS

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

	No. of ordinary shares of RM1 each			
	Balance at 1.1.2009	Bought	Sold	Balance at 31.12.2009
Shares in the Company				
Registered in the name of directors				
Low Chan Tian	4,836,720	80,000	-	4,916,720
Datuk Wong Soon Lim	4,662,440	44,000	-	4,706,440
Yong Jaw Teck	1,406,873	-	50,000	1,356,873
Chee Ho Chun	122,000	-	-	122,000
Lim Soo Koon	60,000	60,000	-	120,000
P. James Edwin A/L Louis Pushparatnam	6,280	-	-	6,280
Deemed Interest *				
Low Chan Tian	3,673,240	220,000	-	3,893,240
Datuk Wong Soon Lim	186,300	40,000	-	226,300
Chee Ho Chun	39,033	-	-	39,033

* Registered in the name of director's family members

The other director in office at the end of financial year did not hold any shares or has any 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 Note 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
March 19, 2010

Statement By Directors

The directors of **DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD**. state that, in their opinion, the accompanying balance sheets and the related statements of income, cash flows and changes in equity are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as of December 31, 2009 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
March 19, 2010

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 19th day of March, 2010.

Before me,

EE YEW SUN, PBM
COMMISSIONER FOR OATHS

Independent Auditors' Report

to the members of Daibochi Plastic And Packaging Industry Bhd

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, 2009 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 79.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit 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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2009 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 - 1717/08/11 (J)
Chartered Accountant

March 19, 2010

Income Statements

FOR THE YEAR ENDED DECEMBER 31, 2009

	Note	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Revenue	5	221,788	217,165	211,273	208,661
Cost of sales	6	(181,112)	(195,487)	(176,064)	(190,787)
Gross profit		40,676	21,678	35,209	17,874
Other operating income		3,142	2,186	3,373	2,783
Selling and distribution costs		(5,693)	(4,909)	(5,374)	(4,609)
Administrative expenses		(10,046)	(7,186)	(7,232)	(4,650)
Other operating expenses		-	(648)	-	(648)
Profit from operations	7	28,079	11,121	25,976	10,750
Finance costs	9	(837)	(1,603)	(821)	(1,599)
Share of results of associated company		(101)	(508)	-	-
Profit before tax		27,141	9,010	25,155	9,151
Tax expense	10	(3,957)	(701)	(3,341)	(439)
Profit for the year		23,184	8,309	21,814	8,712
Attributable to:					
Equity holders of the Company		22,763	8,156		
Minority interest		421	153		
		23,184	8,309		
Earnings per ordinary share attributable to equity holders of the Company - basic (sen)	11	30.0	10.7		

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

Balance Sheets

AS OF DECEMBER 31, 2009

	Note	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**54,289**	55,015	**54,104**	54,897
Land held for development	13	**-**	11,896	**-**	-
Prepaid lease payments	14	**6,106**	6,180	**6,106**	6,180
Investment in subsidiary companies	15	**-**	-	**1,500**	1,500
Investment in associated company	16	**22,905**	23,006	**-**	-
Deferred tax assets	17	**38**	29	**-**	-
		83,338	96,126	**61,710**	62,577
Current assets					
Inventories	18	**36,913**	41,121	**29,066**	32,479
Property development costs	19	**15,146**	4,230	**-**	219
Tax recoverable		**-**	96	**-**	-
Trade and other receivables	20	**46,551**	41,427	**37,410**	37,339
Amount receivable from subsidiary companies	21	**-**	-	**44,725**	43,909
Short-term deposits, cash and bank balances	22	**5,761**	10,398	**3,314**	8,536
		104,371	97,272	**114,515**	122,482
Total Assets		**187,709**	193,398	**176,225**	185,059

	Note	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	23	**75,902**	75,902	**75,902**	75,902
Treasury shares	23	**(2,124)**	(1)	**(2,124)**	(1)
Reserves	24	**49,477**	37,770	**44,750**	34,282
Equity attributable to equity holders of the Company		**123,255**	113,671	**118,528**	110,183
Minority interest		**1,444**	820	**-**	-
Total Equity		**124,699**	114,491	**118,528**	110,183
Non-current liabilities					
Long-term loans	25	**3,644**	5,703	**905**	2,459
Hire-purchase payables	26	**141**	343	**141**	343
Deferred tax liabilities	17	**6,692**	7,028	**6,985**	7,334
		10,477	13,074	**8,031**	10,136
Current liabilities					
Trade and other payables	27	**34,443**	33,522	**33,204**	32,989
Short-term borrowings	28	**14,505**	24,749	**13,667**	24,749
Hire-purchase payables	26	**208**	348	**208**	290
Long-term loans	25	**1,995**	6,837	**1,519**	6,425
Tax liabilities		**1,382**	377	**1,068**	287
		52,533	65,833	**49,666**	64,740
Total Liabilities		**63,010**	78,907	**57,697**	74,876
Total Equity and Liabilities		**187,709**	193,398	**176,225**	185,059

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

Consolidated Statement Of Changes In Equity

FOR THE YEAR ENDED DECEMBER 31, 2009

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, 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
Balance as of January 1, 2009		**75,902**	**(1)**	**1,224**	**(187)**	**36,733**	**113,671**	**820**	**114,491**
Net income recognised directly in equity - exchange differences arising on translation of foreign operations		-	-	-	290	-	290	278	568
Profit for the year		-	-	-	-	22,763	22,763	421	23,184
Total recognised income for the year		-	-	-	290	22,763	23,053	699	23,752
Dividends paid to shareholders	29	-	-	-	-	(11,346)	(11,346)	-	(11,346)
Dividends paid to minority shareholders of a subsidiary company		-	-	-	-	-	-	(75)	(75)
Share buy-back	23	-	(2,123)	-	-	-	(2,123)	-	(2,123)
Balance as of December 31, 2009		75,902	(2,124)	1,224	103	48,150	123,255	1,444	124,699

Company Statement Of Changes In Equity

FOR THE YEAR ENDED DECEMBER 31, 2009

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, 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
Balance as of January 1, 2009		**75,902**	**(1)**	**1,224**	**33,058**	**110,183**
Profit for the year		**-**	**-**	**-**	**21,814**	**21,814**
Dividends paid to shareholders	**29**	**-**	**-**	**-**	**(11,346)**	**(11,346)**
Share buy-back		**-**	**(2,123)**	**-**	**-**	**(2,123)**
Balance as of December 31, 2009		**75,902**	**(2,124)**	**1,224**	**43,526**	**118,528**

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

Cash Flow Statements

FOR THE YEAR ENDED DECEMBER 31, 2009

	Note	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Cash receipts from customers and other receivables		222,509	217,051	212,254	206,612
Cash paid to suppliers, employees and other payables		(184,453)	(195,303)	(176,720)	(190,303)
Cash generated from operations	34	38,056	21,748	35,534	16,309
Interest paid		(507)	(1,029)	(500)	(947)
Tax paid		(3,208)	(1,322)	(2,909)	(855)
Net Cash From Operating Activities		34,341	19,397	32,125	14,507
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Other interest received		59	106	39	82
Interest received from subsidiary companies		-	-	202	463
Dividend income from subsidiary company		-	-	61	160
Purchase of land held for development		-	(10,423)	-	-
Increase in expenditure on land held for development		(211)	-	-	-
Purchase of property, plant and equipment (Note)		(7,266)	(8,841)	(7,185)	(8,832)
Repayment from/(advance to) subsidiary companies		-	-	1,169	(3,726)
Proceeds from disposal of property, plant and equipment		80	84	59	84
Net Cash Used In Investing Activities		(7,338)	(19,074)	(5,655)	(11,769)

	Note	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Share buy-back		(2,123)	-	(2,123)	-
Proceeds from long-term loans drawn down		-	8,400	-	4,400
Repayment of long-term loans		(6,901)	(6,216)	(6,460)	(5,872)
Dividends paid to shareholders		(11,346)	(4,554)	(11,346)	(4,554)
Dividends paid to minority shareholders		(75)	(117)	-	-
Interest paid		(561)	(929)	(321)	(652)
(Repayment of)/proceeds from short-term borrowings (net)		(11,447)	7,827	(11,447)	7,827
Repayment of hire-purchase		(434)	(260)	(360)	(236)
Net Cash (Used In)/From Financing Activities		(32,887)	4,151	(32,057)	913
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,884)	4,474	(5,587)	3,651
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		10,398	6,041	8,536	4,885
Effect of exchange differences		44	(117)	-	-
		10,442	5,924	8,536	4,885
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	4,558	10,398	2,949	8,536

Note:
During the financial year, the Group's and the Company's additions to property, plant and equipment amounted to RM7,342,000 (2008: RM9,101,000) and RM7,261,000 (2008: RM9,092,000) respectively of which RM76,000 (2008: RM260,000) was financed through hire-purchase arrangements. The balance of RM7,266,000 (2008: RM8,841,000) and RM7,185,000 (2008: RM8,832,000) 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 Market of Bursa Malaysia Securities Berhad.

The Company is principally involved in manufacturing and marketing of flexible packaging materials. 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 March 19, 2010 for issuance.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the provisions of the Companies Act, 1965.

FRSs and IC Interpretations ("IC Int.") Issued but Not Effective

At the date of authorisation for issue of these financial statements, the FRSs, IC Int. and amendments to FRSs and IC Int. which were in issue but not yet effective are as listed below:

FRSs, Amendments to FRSs, IC Interpretations		Effective for Financial Periods Beginning, On or After
FRS 1	First-time Adoption of Financial Reporting Standards (Revised)	1 July 2010
FRS 3	Business Combinations (Revised)	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements (Revised)	1 January 2010
FRS 123	Borrowing Costs (Revised)	1 January 2010
FRS 127	Consolidated and Separate Financial Statements (Revised)	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)	1 January 2010
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards (Amendment relating to limited exemption from Comparative FRS 7 Disclosures for First-Time Adopters)	1 January 2011

FRSs, Amendments to FRSs, IC Interpretations		Effective for Financial Periods Beginning, On or After
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2	Share-based Payment (Amendment relating to scope of FRS 2 and FRS 3)	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendment to FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets - effective date and transition)	1 January 2010
Amendments to FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)	1 January 2011
Amendment to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue)	1 March 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to scope of IC Int.9 and revised FRS 3)	1 July 2010
IC Int. 9	Reassessment of Embedded Derivatives	1 January 2010
IC Int. 10	Interim Financial Reporting and Impairment	1 January 2010
IC Int. 11	FRS 2: Group and Treasury Share Transactions	1 January 2010
IC Int. 12	Service Concession Agreements	1 July 2010
IC Int. 13	Customer Loyalty Programmes	1 January 2010
IC Int. 14	FRS 119: The Limit on a Defined Benefit Assets, Minimum Funding Requirement and Their Interaction	1 January 2010
IC Int. 15	Agreements for the Construction of Real Estate	1 July 2010
IC Int. 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int. 17	Distributions of Non-cash Assets to Owners	1 July 2010

Improvement to FRSs (2009):		Effective for Financial Periods Beginning, On or After
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 January 2010
FRS 107	Statement of Cash Flows	1 January 2010
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
FRS 110	Events After the Reporting Period	1 January 2010
FRS 116	Property, Plant and Equipment	1 January 2010
FRS 117	Leases	1 January 2010
FRS 118	Revenue	1 January 2010
FRS 119	Employee Benefits	1 January 2010
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 January 2010
FRS 128	Investments in Associates	1 January 2010
FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
FRS 131	Interests in Joint Ventures	1 January 2010
FRS 134	Interim Financial Reporting	1 January 2010
FRS 136	Impairment of Assets	1 January 2010
FRS 138	Intangible Assets	1 January 2010
FRS 140	Investment Property	1 January 2010

The directors anticipate that the above FRSs, amendments to FRSs, and IC Interpretations will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these FRSs and Interpretations will have no significant impact on the financial statements of the Group and the Company in the period of initial application except for the following:

IC Int. 15: Agreements for the Construction of Real Estate

IC Int. 15 Agreements for the Construction of Real Estate addresses how entities should determine whether an agreement for the construction of real estate is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue and when revenue from the construction of real estate should be recognized. Under IC Int. 15, an agreement for the construction of real estate is a construction contract within the scope of FRS 111 only when the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress (whether it exercises that ability or not). If the buyer has that ability, FRS 111 applies. If the buyer does not have that ability, FRS 118 applies.

Presently, the agreements for the construction of real estate of the Group are accounted for in accordance with FRS 201$_{2004}$ Property Development Activities whereby revenue is recognised using the percentage of completion method as construction of real estate progresses. Upon the adoption of IC Int. 15, the Group will review the nature of its agreements for the construction of real estate and will generally account for these agreements in accordance with FRS 118 as FRS 201 would by then have been withdrawn. It is likely that revenue from many of these agreements will be recognised at a single time - at completion upon or after delivery of the real estate. The agreements affected will be mainly those that do not meet the definition of a construction contract as interpreted by IC Int. 15 and do not transfer to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses. The Group is currently assessing the impact of the adoption of this Interpretation.

FRS 7 Financial Instruments: Disclosures and FRS 139 Financial Instruments: Recognition and Measurement

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

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 are transferred to the property purchasers.

Interest income is recognised on an 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 currencies

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

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

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

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

(d) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income 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, 2009. 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 there from.

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

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	50%
Motor vehicles	12.5% - 20%
Equipment, furniture, fixture and fittings	7.5% - 27%

The estimated residual value, useful life and depreciation method of property, plant and equipment are reviewed at each financial year end, with the effect of any changes in estimates accounted for prospectively.

During the financial year, the Company revised the depreciation rate of printing cylinders from 25% to 50% to better reflect their commercial value as of the end of their useful lives. The revision was accounted for prospectively as a change in accounting estimates and as a result, the depreciation charge has been increased by RM364,000 and correspondingly, profit before tax has been reduced by the same amount for the current financial year. The effect of the revision in the depreciation rate is shown in Note 12.

(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 building 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) Cash flow statements

The Group and the Company adopt the direct method in the preparation of cash flow statements.

(u) 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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Manufacturing and marketing of flexible packaging materials	217,445	209,399	211,273	206,680
Sales of completed property units	3,708	7,201	-	1,981
Property development revenue	635	565	-	-
	221,788	217,165	211,273	208,661

6. COST OF SALES

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cost of inventories sold	178,510	190,062	176,064	189,442
Cost of completed property units sold	2,116	4,963	-	1,345
Property development costs	486	462	-	-
	181,112	195,487	176,064	190,787

7. PROFIT FROM OPERATIONS

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

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Staff costs (including executive directors' remuneration):				
- Wages, salaries and others	(24,645)	(19,168)	(23,201)	(17,909)
- Contributions to defined contribution plan	(1,876)	(1,621)	(1,763)	(1,520)
Depreciation and amortisation:				
- Property, plant and equipment	(8,031)	(7,853)	(8,003)	(7,823)
- Prepaid lease payments	(74)	(74)	(74)	(74)
Foreign exchange gain/(loss):				
- Realised	1,076	(616)	1,076	(616)
- Unrealised	314	(32)	314	(32)
(Allowance for)/Reversal of allowance for doubtful debts - net of recoveries	(13)	191	(13)	191
Bad debts written off	-	(7)	-	-
Audit fee	(101)	(91)	(52)	(52)
Property, plant and equipment:				
- Gain on disposal	33	81	30	81
- Written off	(22)	(354)	(22)	(354)
Write-down of inventories	(322)	(471)	(322)	(471)
Reversal of write-down of inventories	-	121	-	121
Rental of premises	(209)	(167)	(191)	(149)
Other interest received	59	106	39	82
Interest income from subsidiary companies	-	-	202	463
Dividend income from subsidiary company	-	-	61	160
Rental income received	2	1	2	1
Legal services paid to firms in which directors are members for services rendered in professional capacity	-	(109)	-	-

8. DIRECTORS' REMUNERATION

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

	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Directors' remuneration:				
Executive				
Basic salaries, bonus and other emoluments	3,790	1,685	3,646	1,625
Defined contribution plan	574	244	557	236
Non executive				
Fees	180	56	180	56
Other emoluments	174	151	174	151
	4,718	2,136	4,557	2,068

The estimated monetary value of benefits-in-kind received by the directors from the Group and the Company during the financial year amounted to RM45,000 (2008: RM 47,000).

9. FINANCE COSTS

	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Interest expense on:				
Long-term loans	525	891	294	618
Bankers acceptances	401	566	401	566
Bank overdrafts	8	151	1	69
Hire-purchase	36	38	27	34
Export credit refinancing	54	253	54	253
Others	44	59	44	59
	1,068	1,958	821	1,599
Less:				
Amount capitalised in land held for development				
Long-term loan (Note 13)	(231)	(273)	-	-
Bank overdraft (Note 13)	-	(82)	-	-
	(231)	(355)	-	-
	837	1,603	821	1,599

10. TAX EXPENSE

	The Group		The Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Estimated income tax payable:				
Current year				
- Malaysian tax	3,965	1,212	3,706	933
- Foreign tax	368	130	-	-
Overprovision in prior years	(41)	(5)	(16)	(6)
	4,292	1,337	3,690	927
Deferred tax (Note 17):				
Current year	(335)	(757)	(349)	(609)
Underprovision in prior years	-	121	-	121
	(335)	(636)	(349)	(488)
	3,957	701	3,341	439

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

	The Group		The Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Profit before tax	27,141	9,010	25,155	9,151
Tax at the statutory income tax rate of 25% (2008: 26%)	6,785	2,343	6,289	2,379
Tax effects of:				
- different tax rate of subsidiary company operating in other jurisdictions	61	18	-	-
- different tax rate for different level of income	-	(30)	-	-
- reduction in income tax rate	-	(249)	-	(261)
- expenses not deductible in determining taxable profit	176	230	132	97
- utilisation of reinvestment allowances	(3,049)	(1,836)	(3,049)	(1,836)
- income not taxable in determining taxable profit	-	(23)	(15)	(55)
Share of associated company's tax	25	132	-	-
(Over)/underprovision in prior years	(41)	116	(16)	115
Tax expense for the year	3,957	701	3,341	439

As of December 31, 2008, the Company has unabsorbed reinvestment allowances carried forward amounting to approximately RM8,826,000, which subject to the agreement of the tax authorities, are available for set-off against future taxable income of the Company. The unabsorbed reinvestment allowances have been fully utilised during the year.

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, adjusted by the number of ordinary shares repurchased during the year.

	The Group	
	2009	2008
	RM'000	RM'000
Profit attributable to ordinary equity holders of the Company (RM'000)	22,763	8,156
Weighted average number of ordinary shares in issue ('000)	75,743	75,901
Basic earnings per ordinary share (sen)	30.0	10.7

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, 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
Balance at January 1, 2009	**21,259**	**111,548**	**11,948**	**2,803**	**4,759**	**-**	**152,317**
Additions	**364**	**5,476**	**633**	**359**	**510**	**-**	**7,342**
Disposals	**-**	**(163)**	**-**	**(273)**	**(4)**	**-**	**(440)**
Write-off	**-**	**(434)**	**-**	**-**	**(175)**	**-**	**(609)**
Currency translation difference	**-**	**-**	**-**	**42**	**23**	**-**	**65**
Balance at December 31, 2009	**21,623**	**116,427**	**12,581**	**2,931**	**5,113**	**-**	**158,675**

The Group

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, 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
Balance at January 1, 2009	**4,265**	**77,342**	**10,906**	**1,858**	**2,931**	**-**	**97,302**
Charge for the year	**480**	**5,994**	**855**	**324**	**378**	**-**	**8,031**
Disposals	**-**	**(136)**	**-**	**(254)**	**(3)**	**-**	**(393)**
Write-off	**-**	**(415)**	**-**	**-**	**(172)**	**-**	**(587)**
Currency translation difference	**-**	**-**	**-**	**19**	**14**	**-**	**33**
Balance at December 31, 2009	**4,745**	**82,785**	**11,761**	**1,947**	**3,148**	**-**	**104,386**
Net Book Value							
As of December 31, 2008	16,994	34,206	1,042	945	1,828	-	55,015
As of December 31, 2009	**16,878**	**33,642**	**820**	**984**	**1,965**	**-**	**54,289**

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, 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
Balance at January 1, 2009	**21,259**	**111,548**	**11,948**	**2,656**	**4,685**	**-**	**152,096**
Additions	**364**	**5,476**	**633**	**307**	**481**	**-**	**7,261**
Disposals	**-**	**(163)**	**-**	**(228)**	**(4)**	**-**	**(395)**
Write-off	**-**	**(434)**	**-**	**-**	**(175)**	**-**	**(609)**
Balance at December 31, 2009	**21,623**	**116,427**	**12,581**	**2,735**	**4,987**	**-**	**158,353**

The Company

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, 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
Balance at January 1, 2009	**4,265**	**77,342**	**10,906**	**1,797**	**2,889**	**-**	**97,199**
Charge for the year	**480**	**5,994**	**855**	**308**	**366**	**-**	**8,003**
Disposals	**-**	**(136)**	**-**	**(227)**	**(3)**	**-**	**(366)**
Write-off	**-**	**(415)**	**-**	**-**	**(172)**	**-**	**(587)**
Balance at December 31, 2009	**4,745**	**82,785**	**11,761**	**1,878**	**3,080**	**-**	**104,249**
Net Book Value							
As of December 31, 2008	16,994	34,206	1,042	859	1,796	-	54,897
As of December 31, 2009	**16,878**	**33,642**	**820**	**857**	**1,907**	**-**	**54,104**

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 RM59,325,000 (2008: RM42,589,000) and RM59,239,000 (2008: RM42,568,000) respectively, are still in use as of December 31, 2009.

Motor vehicles of the Group and the Company with aggregate net book values of RM466,000 (2008: RM874,000) and RM466,000 (2008: RM801,000) as of December 31, 2009 respectively were acquired through hire-purchase.

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Changes in depreciation rates of assets

During the financial year, the useful lives of the plant and machinery had been reviewed and assessed by the management to better reflect the economic benefits of these assets. The expected useful lives of printing cylinders have been revised from four years to two years. The effect of changes on depreciation expense, recognized in cost of sales, in current and the next four years are as follows:

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Increase/(decrease) in depreciation expense	364	176	(182)	(254)	(104)

13. LAND HELD FOR DEVELOPMENT

The Group	Leasehold land RM'000	Development costs RM'000	Total RM'000
As of January 1, 2008	-	-	-
Additions during the year	11,896	-	11,896
As of December 31, 2008	11,896	-	11,896
Additions during the year	-	442	442
Reclassification to property development costs (Note 19)	(11,896)	(442)	(12,338)
	-	-	-

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

	2009 RM'000	2008 RM'000
Interest expense on:		
Long-term loan (Note 9)	231	273
Bank overdraft (Note 9)	-	82
	231	355

14. PREPAID LEASE PAYMENTS

	The Group and The Company	
	2009	2008
	RM'000	RM'000
Cost		
At beginning and end of year	7,036	7,036
Accumulated amortisation		
At beginning of year	(856)	(782)
Amortisation for the year	(74)	(74)
At end of year	(930)	(856)
Net carrying value	6,106	6,180

Prepaid lease payments are in respect of the Group's and the Company's long leasehold land. As of December 31, 2009, the unexpired lease periods of the said long leasehold land are 82 years (2008: 83 years) and 85 years (2008: 86 years).

15. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2009	2008
	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 2009	2008	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 2009 RM'000	The Group 2008 RM'000
Unquoted shares - at cost	22,568	22,568
Share of post-acquisition profit	337	438
	22,905	23,006

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

	The Group 2009 RM'000	The Group 2008 RM'000
Share of net tangible assets - at fair value	22,636	22,737
Goodwill	269	269
	22,905	23,006

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

Name of company	Effective percentage ownership 2009	Effective percentage ownership 2008	Principal activity
Skyline Resources (M) Sdn. Bhd.	36%	36%	Property development

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

	2009 RM'000	2008 RM'000
Assets and liabilities		
Current assets	36,574	25,823
Non-current assets	61,566	67,304
Total Assets	98,140	93,127
Current liabilities	49,372	44,951
Non-current liabilities	2,098	2,744
Total Liabilities	51,470	47,695
Results		
Revenue	22,384	10,458
Profit for the year	1,238	263

17. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Deferred tax assets	38	29	-	-
Deferred tax liabilities	(6,692)	(7,028)	(6,985)	(7,334)
	(6,654)	(6,999)	(6,985)	(7,334)
At beginning of year	(6,999)	(7,628)	(7,334)	(7,822)
Currency translation differences	10	(7)	-	-
Transfer to income statements (Note 10)	335	636	349	488
At end of year	(6,654)	(6,999)	(6,985)	(7,334)

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

	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Deferred tax assets				
Others	38	29	-	-
Deferred tax liabilities				
Property, plant and equipment	7,626	7,963	7,626	7,963
Others	(934)	(935)	(641)	(629)
	6,692	7,028	6,985	7,334

18. INVENTORIES

	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Raw materials	12,143	12,882	12,143	12,882
Work-in-progress	6,654	5,277	6,654	5,277
Finished goods	11,503	15,072	8,331	12,504
Consumables	1,061	1,158	1,061	1,158
Completed property units	5,552	6,732	877	658
Total	36,913	41,121	29,066	32,479

Cost of inventories recognised as an expense of the Group and the Company during the year amounted to RM134,657,000 (2008: RM154,258,000) and RM130,812,000 (2008: RM150,019,000) respectively.

The cost of inventories recognised as an expense for the Group and the Company included RM322,000 (2008: RM471,000) in respect of write-downs of inventory to net realisable value. In 2008, there has been a reversal of write-downs amounting to RM121,000 as a result of increased sales price. There was no reversal of write-downs during the financial year.

19. PROPERTY DEVELOPMENT COSTS

Property development costs comprise the following:

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At beginning of year:				
Freehold land	3,260	3,595	73	73
Development costs	970	1,097	146	146
	4,230	4,692	219	219
Costs recognised as an expense in income statements:				
Freehold land	(349)	(335)	-	-
Development costs	(137)	(127)	-	-
	(486)	(462)	-	-
Transfer from land held for development (Note 13):				
Leasehold land	11,896	-	-	-
Development costs	442	-	-	-
	12,338	-	-	-
Costs transferred to inventories:				
Freehold land	(589)	-	(73)	-
Development costs	(347)	-	(146)	-
	(936)	-	(219)	-
At end of year:				
Freehold land	2,322	3,260	-	73
Leasehold land	11,896	-	-	-
Development costs	928	970	-	146
	15,146	4,230	-	219

The leasehold land has been charged as a security for bank borrowings as disclosed in Note 25 and Note 28.

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Trade receivables	45,190	42,172	38,247	38,113
Allowance for doubtful debts	(1,719)	(1,918)	(1,719)	(1,918)
	43,471	40,254	36,528	36,195
Other receivables	225	342	225	342
Prepaid expenses	49	41	20	18
Deposits	2,806	790	637	784
	46,551	41,427	37,410	37,339

The credit period granted on sales of goods and property range from letter of credit at sight to 180 days (2008: letter of credit at sight to 180 days). An allowance has been made for estimated irrecoverable amounts from the sales of goods of RM1,719,000 (2008: RM1,918,000) for the Group and the Company. This allowance has been determined by reference to past default experience of the Group and the Company.

Trade receivables amounting to RM212,000 (2008: RMNil) have been written off against allowance for doubtful debts during the financial year.

Included in deposits in 2009 of the Group is an amount of RM2,169,000 which represents a deposit paid for the purchase of land for future development.

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

	The Group		The Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	20,392	30,984	19,987	29,738
United States Dollar	11,034	8,364	11,034	8,364
Australian Dollar	13,697	2,813	7,159	-
Singapore Dollar	67	11	67	11
	45,190	42,172	38,247	38,113

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 repayable on demand, except for:-

(i) the trade transactions that are repayable within the normal trade terms of 90 days (2008: 90 days) and bear interest at rates ranging from 4.30% to 5.59% (2008: 5.56% to 5.63%) per annum; and

(ii) certain portion of advances from holding company bears interest at rates ranging from 5.55% to 6.50% (2008: 6.50% to 6.75%) per annum.

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

	The Company	
	2009	2008
	RM'000	RM'000
Ringgit Malaysia	37,882	39,050
Australian Dollar	6,843	4,859
	44,725	43,909

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	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Subsidiary companies				
Daibochi Australia Pty. Ltd.				
- Sales of goods	-	-	21,566	18,119
- Dividend income	-	-	61	160
- Interest income	-	-	73	58
Daibochi Land Sdn. Bhd.				
- (Repayment from)/ Advances to	-	-	(1,300)	3,317
- Interest income	-	-	129	405
Associated company				
Skyline Resources (M) Sdn. Bhd. *				
- Management fee payable	168	240	-	-

* 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	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	2,756	1,940	2,441	1,641
Contributions to defined contribution plan	385	248	363	225
	3,141	2,188	2,804	1,866

22. SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short-term deposits with a licensed bank	2,400	4,400	2,400	3,200
Housing Development Account with a licensed bank	156	154	-	-
Cash and bank balances	3,205	5,844	914	5,336
	5,761	10,398	3,314	8,536

Short-term deposits with a licensed bank of the Group and the Company earn interest at rates ranging from 1.00% to 2.60% (2008: 2.50% to 2.80%) per annum and have maturity periods ranging from 1 day to 20 days (2008: 1 day to 10 days).

Included in cash and bank balances of the Group is an amount of RM156,000 (2008: RM154,000) 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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Ringgit Malaysia	5,606	8,109	3,314	6,410
United States Dollar	1	1,656	-	1,656
Australian Dollar	154	633	-	470
	5,761	10,398	3,314	8,536

23. SHARE CAPITAL

	The Group and The Company	
	2009	2008
	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)	(1)
Share buy-back during the year	(2,123)	-
At end of year	(2,124)	(1)

During the financial year, the Company purchased 1,069,500 units of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM2,123,055 including transaction costs and has been deducted from equity. The repurchase transactions were financed by internally generated funds and the average price paid for the shares was RM1.99.

As of December 31, 2009, the Company held as treasury shares a total of 1,070,500 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 RM2,123,768.

24 RESERVES

	The Group		The Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Non-distributable reserves:				
Share premium	1,224	1,224	1,224	1,224
Translation reserve	103	(187)	-	-
Distributable reserve:				
Retained earnings	48,150	36,733	43,526	33,058
	49,477	37,770	44,750	34,282

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	
	2009	2008
	RM'000	RM'000
At beginning of year	(187)	20
Exchange differences arising on translation of foreign operations	290	(207)
At end of year	103	(187)

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, 2009, 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 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Outstanding loan principal				
- Unsecured	**2,424**	8,884	**2,424**	8,884
- Secured	**3,215**	3,656	**-**	-
	5,639	12,540	**2,424**	8,884
Less: Portion due within one year				
- included under current liabilities				
- Unsecured	**(1,519)**	(6,425)	**(1,519)**	(6,425)
- Secured	**(476)**	(412)	**-**	-
	(1,995)	(6,837)	**(1,519)**	(6,425)
	3,644	5,703	**905**	2,459

The non-current portion is repayable as follows:

	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Financial years ending December 31,				
2010	**-**	1,985	**-**	1,541
2011	**1,414**	1,397	**905**	918
2012	**543**	516	**-**	-
2013	**579**	556	**-**	-
2014	**618**	599	**-**	-
2015 and thereafter	**490**	650	**-**	-
	3,644	5,703	**905**	2,459

The unsecured term loans of the Group and the Company bear interest at effective interest rates ranging from 3.79% to 5.13% (2008: 5.14% to 6.75%) per annum and are repayable by 36 monthly installments. The term loans of the Group and the Company have 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 6.55% to 7.50% (2008: 7.50% to 7.75%) per annum and is repayable by 96 monthly installments. The term loan of the said subsidiary company is secured by a charge over a plot of leasehold commercial land included in property development costs as mentioned in Note 19 and covered by a corporate guarantee issued by the Company.

26. HIRE-PURCHASE PAYABLES

	The Group		The Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Total installments outstanding	368	738	368	677
Less: Interest-in-suspense	(19)	(47)	(19)	(44)
Principal outstanding	349	691	349	633
Less: Portion due within one year - included under current liabilities	(208)	(348)	(208)	(290)
Non-current portion	141	343	141	343

The non-current portion is repayable as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Financial years ending December 31,				
2010	-	228	-	228
2011	111	96	111	96
2012	30	19	30	19
	141	343	141	343

The hire-purchase liabilities of the Group and the Company are repayable by 36 to 84 monthly installments (2008: 36 to 84 monthly installments). For the financial year ended December 31, 2009, the effective interest rates are 4.50% to 7.50% (2008: 4.40% to 7.87%) per annum. The rates are fixed at the inception of the hire-purchase arrangements.

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 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Trade payables	23,378	27,591	23,277	27,346
Accrued expenses	10,310	5,889	9,927	5,643
Deposits payable	755	42	-	-
	34,443	33,522	33,204	32,989

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 (2008: 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 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Ringgit Malaysia	19,732	24,164	19,732	24,164
United States Dollar	3,492	3,034	3,492	3,034
Australian Dollar	101	245	-	-
Singapore Dollar	101	156	101	156
Other currencies	(48)	(8)	(48)	(8)
	23,378	27,591	23,277	27,346

28. SHORT-TERM BORROWINGS

	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Unsecured:				
Bankers acceptances	13,302	14,145	13,302	14,145
Export credit refinancing	-	10,604	-	10,604
Bank overdraft	365	-	365	-
	13,667	24,749	13,667	24,749
Secured:				
Bank overdraft	838	-	-	-
	14,505	24,749	13,667	24,749

During the financial year, interest on bank overdrafts, bankers acceptances and export credit refinancing is chargeable at rates ranging from 6.30% to 7.98% (2008: 7.50% to 8.25%), 2.25% to 4.17% (2008: 3.85% to 4.38%) and 3.25% to 3.75% (2008: 3.75%) per annum respectively.

The Group's and the Company's credit facilities have a negative pledge over all its assets except for the bank overdraft facilities of its subsidiary companies which are secured as follows:

(a) a fixed charge for up to RM4,000,000 (2008: RM4,000,000) over a plot of leasehold commercial land of the subsidiary company included in property development costs as mentioned in Note 19;

(b) a corporate guarantee issued by the Company; and

(c) a Standby Letter of Credit for Australian Dollar 500,000 (equivalent to RM1,576,500).

29. DIVIDENDS PAID

	The Group And The Company	
	2009	2008
	RM'000	RM'000
First and final tax exempt dividend of 6% in respect of the financial year ended December 31, 2008, paid on June 23, 2009	4,554	-
First interim tax exempt dividend of 4% in respect of financial year ended December 31, 2009, paid on August 27, 2009	3,036	-
Second interim tax exempt dividend of 5% in respect of financial year ended December 31, 2009, paid on December 17, 2009	3,756	-
First and final tax exempt dividend of 6% in respect of the financial year ended December 31, 2007, paid on June 12, 2008	-	4,554
	11,346	4,554

On February 10, 2010, the directors declared a third interim tax exempt dividend of 6.5%, amounting to RM4,882,384 in respect of the financial year ended December 31, 2009 which was paid on March 16, 2010. The financial statements do not reflect this dividend declared after December 31, 2009, which will be accounted for as an appropriation of retained earnings in the financial year ending December 31, 2010.

The directors do not recommend any final dividend to be paid for the current financial year.

30. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short-term deposits with a licensed bank	2,400	4,400	2,400	3,200
Housing Development Account with a licensed bank (Note 22)	156	154	-	-
Cash and bank balances	3,205	5,844	914	5,336
Bank overdrafts (Note 28)	(1,203)	-	(365)	-
	4,558	10,398	2,949	8,536

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.

(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	
		2009	2008	2009	2008
The Group	**Note**	RM'000	RM'000	RM'000	RM'000
Financial liabilities					
Long-term loans	25	5,639	12,540	5,362	12,097
Hire-purchase payables	26	349	691	315	611
The Company					
Financial Assets					
Amount receivable from subsidiary companies, non-trade *	21	37,882	39,050	-	-
Financial liabilities					
Long-term loans	25	2,424	8,884	2,124	8,441
Hire-purchase payables	26	349	633	315	557

* 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 types 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, 2009, the Group has the following non-cancellable lease commitments in respect of rental of premises:

	The Group Future Minimum Lease Payments	
	2009	2008
	RM'000	RM'000
Financial years ending December 31,		
2009	-	179
2010	238	179
2011	245	179
2012	20	30
	503	567

33. CONTINGENT LIABILITIES

As of December 31, 2009, the Company has issued corporate guarantees totalling RM8,500,000 (2008: RM8,500,000) and a Standby Letter of Credit for Australian Dollar 500,000 (equivalent to RM1,576,500) (2008: RMNil) in respect of credit facilities granted by licensed banks to its subsidiary companies. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities utilised by the subsidiary companies.

34. CASH GENERATED FROM OPERATIONS

	The Group		The Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Profit for the year	23,184	8,309	21,814	8,712
Adjustments for:				
Tax expense	3,957	701	3,341	439
Unrealised (gain)/loss on foreign exchange	(314)	32	(314)	32
Allowance for/(Reversal of allowance) for doubtful debts - net of recoveries	13	(191)	13	(191)
Bad debts written off	-	7	-	-
Property, plant and equipment:				
- Gain on disposal	(33)	(81)	(30)	(81)
- Written off	22	354	22	354
Depreciation and amortisation:				
- Property, plant and equipment	8,031	7,853	8,003	7,823
- Prepaid land lease payments	74	74	74	74
Share of results of associated company	101	508	-	-
Write-down of inventories	322	471	322	471
Reversal of write-down of inventories	-	(121)	-	(121)
Finance costs	837	1,603	821	1,599
Other interest received	(59)	(106)	(39)	(82)
Interest received from subsidiary companies	-	-	(202)	(463)
Dividend income from subsidiary company	-	-	(61)	(160)
Operating profit before changes in working capital	36,135	19,413	33,764	18,406
Movement in working capital:				
Decrease/(Increase) in:				
Inventories	4,822	687	3,310	(1,864)
Trade and other receivables	(4,724)	(5,389)	329	(1,901)
Property development costs	486	462	-	-
Amount receivable from subsidiary company	-	-	(1,985)	(1,388)
Increase/(Decrease) in:				
Trade and other payables	1,337	6,575	116	3,056
Cash generated from operations	38,056	21,748	35,534	16,309

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 building 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

2009	Packaging RM'000	Property Development RM'000	Eliminations RM'000	Group RM'000
Revenue	217,445	4,343	-	221,788
Results				
Segment results	27,297	1,010	-	28,307
Unallocated costs				(228)
Profit from operations				28,079
Finance costs				(837)
Share of results of associated company	-	(101)	-	(101)
Profit before tax				27,141
Income tax				(3,957)
Profit for the year				23,184
Other information				
Capital additions	7,342	-	-	7,342
Depreciation and amortisation				
- Property, plant and equipment	8,031	-	-	8,031
- Prepaid lease payments	74	-	-	74

2009	Packaging RM'000	Property Development RM'000	Eliminations RM'000	Group RM'000
Consolidated Balance Sheet				
Assets				
Segment assets	175,141	25,618	(35,993)	164,766
Investment in associated company	-	22,905	-	22,905
Unallocated assets				38
Consolidated total assets				187,709
Liabilities				
Segment liabilities	33,644	36,790	(35,993)	34,441
Unallocated liabilities				28,569
Consolidated total liabilities				63,010

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

36. CAPITAL COMMITMENTS

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Capital expenditure approved and contracted for in respect of:				
- Purchase of plant and equipment	479	1,645	479	1,645
- Purchase of land for development	2,169	-	-	-
Capital expenditure approved but not contracted for in respect of purchase of plant and equipment	10,131	-	10,131	-

Statement Of Shareholdings *AS AT 31 MARCH 2010*

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	311	9.92	14,002	0.02
100 - 1,000	326	10.40	258,430	0.34
1,001 - 10,000	1,953	62.30	7,855,403	10.46
10,001 - 100,000	465	14.83	13,301,620	17.71
100,001 to less than 5% of issued shares	80	2.55	53,684,146	71.47
5% and above of issued shares	-	-	-	-
Total	3,135	100.00	75,113,601	100.00

SUBSTANTIAL SHAREHOLDERS

	No. of shares			% of issued
Name	Direct	Deemed	Note	share*
Low Chan Tian	4,916,720	3,893,240	a	11.73
Datuk Wong Soon Lim	4,706,440	226,300	b	6.57

DIRECTORS' SHAREHOLDINGS

	No. of shares			% of issued
Name	Direct	Deemed	Note	share*
Low Chan Tian	4,916,720	3,893,240	a	11.73
Datuk Wong Soon Lim	4,706,440	226,300	b	6.57
Yong Jaw Teck	756,873	-		1.01
Chee Ho Chun	122,000	39,033	b	0.21
Lim Soo Koon	120,000	-		0.16
P. James Edwin A/L Louis Pushparatnam	6,280	-		0.01
Sim Lian Hing	-	-		-

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

** Excluding a total of 788,200 shares bought back by the Company and retained as treasury shares.*

THIRTY LARGEST SHAREHOLDERS

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

Name	No. of shares	% of issued share*
Wong Soon Lim	3,599,773	4.79
Teh Kim Hong	3,469,181	4.62
CIMB Group Nominees (Tempatan) Sdn Bhd - Yulina Binti Baharuddin	3,072,000	4.09
Low Chan Tian	2,902,320	3.86
Chew Soon Heng	2,357,748	3.14
Low Geoff Jin Wei	2,122,680	2.83
Chua Tiang Kim	2,082,480	2.77
Lim Koy Peng	2,025,000	2.70
Low Chan Tian	2,014,400	2.68
Brendan Low Kang Wei	1,843,848	2.45
Brian Low Chean Wei	1,839,516	2.45
Cimsec Nominees (Asing) Sdn Bhd - Low Kim Foong	1,666,560	2.22
HSBC Nominees (Asing) Sdn Bhd - JP Morgan Chase Bank, National Association (Norges BK NLend)	1,607,200	2.14
Tan Booi Charn	1,415,000	1.88
Goh Thong Beng	1,288,000	1.71
Amanahraya Trustees Berhad - Public Islamic Opportunities Fund	1,285,700	1.71
Public Invest Nominees (Tempatan) Sdn Bhd - Wong Yoke Fong @ Wong Nyok Fing	1,121,800	1.49
RHB Nominees (Tempatan) Sdn Bhd - RHB Investment Management Sdn Bhd for Kumpulan Wang Persaraan (Diperbadankan)	836,700	1.11
Husein Bin Tamby Chik	821,000	1.09
HDM Nominees (Asing) Sdn Bhd - UOB Kay Hian Pte Ltd for YCH Holdings (Pte) Ltd	820,000	1.09
Yong Jaw Teck	756,873	1.01
Lim Keat Sear	698,400	0.93
Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Mak Tian Meng	648,200	0.86
DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Kumpulan Sentiasa Cemerlang Sdn Bhd	624,200	0.83
AMSEC Nominees (Tempatan) Sdn Bhd - Amtrustee Berhad for APEX Dana Al-Sofi-I	584,200	0.78
Chew Gee Lan	564,333	0.75
Citigroup Nominees (Tempatan) Sdn Bhd - Num Siew Yoke	560,000	0.75
Amanahraya Trustees Berhad - Public Islamic Sector Select Fund	500,000	0.67
Amanahraya Trustees Berhad - Public Smallcap Fund	500,000	0.67
Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Rickoh Corporation Sdn Bhd	500,000	0.67
	44,127,112	58.74

** Excluding a total of 788,200 shares bought back by the Company and retained as treasury shares.*

List Of Properties

Location	Description	Age Of Buildings	Area	Tenure	Date Of Acquisition	Net Book Value As At 31 December 2009 RM'000
Lot 824, Kawasan Bandar VI, 75200 Melaka	Commercial Land	-	3.866 hectares	Leasehold expiring on 17.11.2095	31.01.2008	12,338
Lot 7, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	2 buildings - 17 years 3 buildings - 16 years 1 building - 15 years 1 building - 14 years	2.692 hectares	Leasehold expiring on 24.05.2091	29.10.1991	9,424
Lot 3, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	1 building - 17 years 2 buildings - 14 years 1 building - 12 years 1 building - 10 years 1 building - 9 years 1 building - 5 years	2.062 hectares	Leasehold expiring on 24.05.2091	03.07.1995	6,302
GM 28, Lot 271 & 275, Mukim of Bertam, 75250 Melaka	Land and development costs	-	102,874 sq feet	Freehold	30.09.2002	2,808
PT 2598, Mukim of Bukit Baru, 75450 Melaka	Factory cum office building	16 years	89,814 sq feet	Leasehold expiring on 11.05.2094	24.05.2004	985
11/A2 Kondominium Siantan Puri, Kg Lapan, 75200 Melaka	1 unit 4 bedroom condominium	8 years	1,550 sq feet	Leasehold expiring on 24.08.2099	07.09.2001	167
						32,023

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 Seventh Annual General Meeting of the Company, to be held at Bunga Melati Room, Level 7, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Thursday, 20 May 2010 at 11.30 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. Approval of Directors' fees	Resolution 2		
3. Re-election of Director under Article 103 - P. James Edwin A/L Louis Pushparatnam	Resolution 3		
4. Re-election of Director under Article 103 - Low Chan Tian	Resolution 4		
5. Re-appointment of Messrs Deloitte KassimChan as Auditors	Resolution 5		
SPECIAL BUSINESS		**FOR**	**AGAINST**
6. Authority for Directors to allot shares pursuant to Section 132D of the Companies Act, 1965	Resolution 6		
7. Proposed renewal of share buy-back authority	Resolution 7		

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

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

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

____
Signature/Common Seal

Number of shares held: ______________________

Date: ______________________

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