annual report 2010

Daibochi Plastic And Packaging Industry Bhd (12994-W)

CONTENTS

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty Eighth Annual General Meeting of the Company will be held at Bunga Melati Room, Level 7, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Tuesday, 21 June 2011 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 2010 together with the Reports of the Directors and Auditors thereon. (Resolution 1)

2. To approve Directors' fees for the year ended 31 December 2010 amounting to RM85,500 (2009: RM179,500). (Resolution 2)

3. To re-elect Datuk Wong Soon Lim who is retiring under Article 103 of the Company's Articles of Association. (Resolution 3)

4. To re-elect Mr. Chee Ho Chun who is retiring under Article 103 of the Company's Articles of Association. (Resolution 4)

5. To re-elect Mr. Heng Fu Joe who is retiring under Article 94 of the Company's Articles of Association. (Resolution 5)

6. To re-elect Mr. Low Geoff Jin Wei who is retiring under Article 94 of the Company's Articles of Association. (Resolution 6)

7. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)

AS SPECIAL BUSINESS:

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

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

   "THAT, subject to the provisions of Section 132D of the Companies Act, 1965, and the approval of the relevant authorities, the Directors be and they are hereby authorised from time to time to issue and allot ordinary shares in the Company upon such terms and conditions and at such times as may be determined by the Directors to be in the interest of the Company provided always that the aggregate number of shares to be issued pursuant to this resolution shall not exceed ten percent (10%) of the issued share capital for the time being of the Company." (Resolution 8)

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

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

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

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

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

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

whichever occurs first;

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

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

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

By order of the Board

Ms.Tan Gaik Hong, MIA 4621
Secretary
Melaka
Dated: 30 May 2011

NOTES:

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

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

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

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

EXPLANATORY NOTES ON SPECIAL BUSINESS

(i) **Resolution 8**

The proposed Resolution 8, if passed, will give 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 20 May 2010 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 8, 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 9**

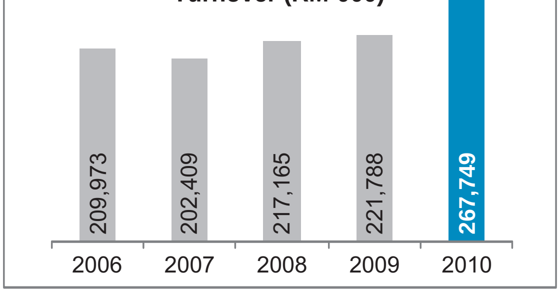
Please refer to Statement to Shareholders dated 30 May 2011 for further information.

Statement Accompanying Notice Of Annual General Meeting

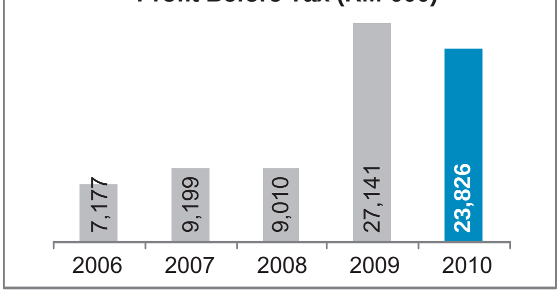
Directors who are seeking re-election at the Thirty Eighth Annual General Meeting of the Company are Datuk Wong Soon Lim, Mr. Chee Ho Chun, Mr. Heng Fu Joe and Mr. Low Geoff Jin Wei.

The profiles of the above Directors are set out in the section entitled “Profile of Directors” on pages 7 to 8. Their securities holdings information are set out in the section entitled “Directors’ Shareholdings” on page 91.

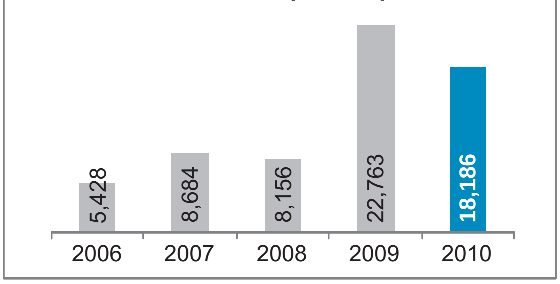
Financial Highlights



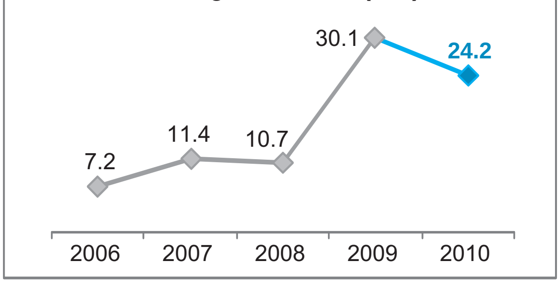
Turnover (RM`000)



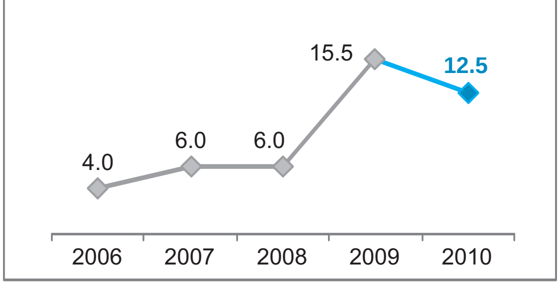
Profit Before Tax (RM`000)



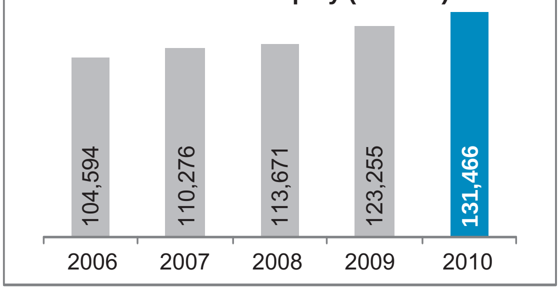
Net Profit (RM`000)



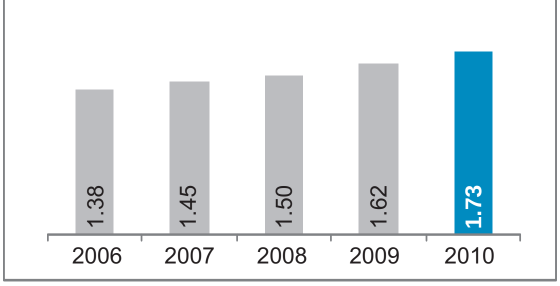
Earnings Per Share (sen)



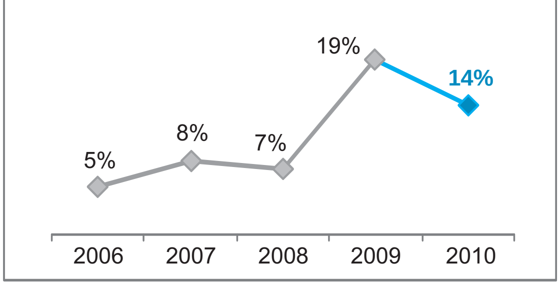
Gross Dividend Per Share (sen)



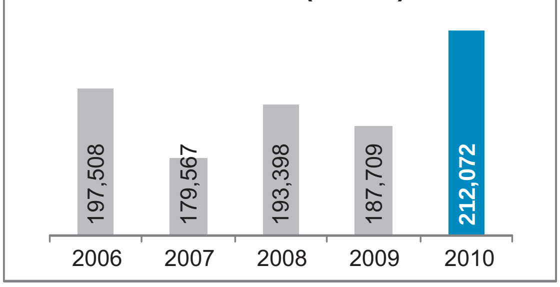
Shareholders' Equity (RM`000)



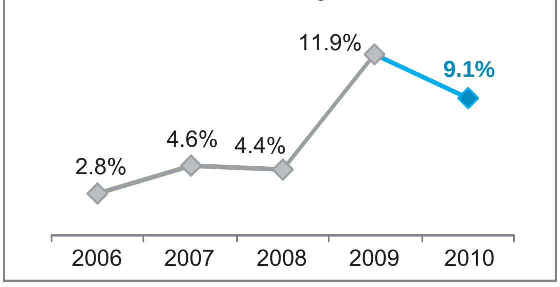
Net Tangible Assets Per Share (sen)



Return on Average Equity



Total Assets (RM`000)



Return on Average Assets

Corporate Information

BOARD OF DIRECTORS

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

Lim Soo Koon
Managing Director

Datuk Wong Soon Lim
Executive Director

Low Chan Tian
Executive Director

Low Geoff Jin Wei
Executive Director

Chee Ho Chun
Independent Non-Executive Director

Heng Fu Joe
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

Board Of Directors

Seated from left to right

Ms Tan Gaik Hong *(Company Secretary)*, Mr Lim Soo Koon *(Managing Director)*,
Mr P. James Edwin A/L Louis Pushparatnam *(Chairman and Independent Non-Executive Director)*,
Datuk Wong Soon Lim *(Executive Director)*

Standing from left to right

Mr Heng Fu Joe *(Independent Non-Executive Director)*, Mr Low Chan Tian *(Executive Director)*,
Mr Chee Ho Chun *(Independent Non-Executive Director)*,
Mr Low Geoff Jin Wei *(Executive Director)*

Profile Of Directors

P. James Edwin A/L Louis Pushparatnam, Malaysian, aged 55 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 2010.

Lim Soo Koon, Malaysian, aged 49 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. 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 2010.

Datuk Wong Soon Lim, Malaysian, aged 57 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 2010.

Low Chan Tian, Malaysian, aged 55 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. Mr. Low Chan Tian rejoined the Board when he was appointed as an Executive Director on 30 March 1999.

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

Mr. Low is the father of Mr. Low Geoff Jin Wei who is an Executive Director 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 2010.

Low Geoff Jin Wei, Australian, aged 28 was appointed to the Board of Daibochi on 5 October 2010 as an Executive Director.

He graduated from the University of Sydney, NSW, Australia with a Bachelor of Commerce (Major in Finance & Marketing). Prior to this, Mr. Low was the Managing Director/Project Director of GlassKote (Malaysia) Sdn Bhd from 2005 to September 2010.

Mr. Low is the son of Mr. Low Chan Tian who is an Executive Director and a substantial shareholder of the Company. He is deemed interested in the transactions entered by the Group with Skyline Resources (M) Sdn Bhd as disclosed in this Annual Report. In the past ten (10) years, he has not been convicted of any offences.

Since his appointment he has attended all of the Board of Directors' meetings held during the financial year ended 31 December 2010.

Chee Ho Chun, Malaysian, aged 49 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. He has served many banks and corporate clients in an advisory capacity. He is also a qualified 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 2010.

Heng Fu Joe, Malaysian, aged 30 was appointed to the Board of Daibochi on 2 August 2010. He is an Independent Non-Executive Director. He is also a member of the Audit Committee.

He is a Chartered Accountant of the Malaysian Institute of Accountants, a member of the Institute of Chartered Accountants Australia, an associate member of the Institute of Internal Auditors Malaysia, and a CPA and an Approved Auditor with the Kampuchea Institute of Certified Public Accountants and Auditors, Cambodia. His past experience includes being the Manager of RSM Bird Cameron in Australia and a Finance Analyst of Goldman Sachs International in London, United Kingdom. He is currently an Associate Partner of Baker Tilly Monteiro Heng, in Kuala Lumpur, Malaysia.

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

Since his appointment he has attended all of the Board of Directors' meetings held during the financial year ended 31 December 2010.

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 practiced 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 7 to 8.

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

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 Profile of Directors on pages 7 to 8.

Board meetings are structured with a pre-set agenda. The agenda and the Board papers are circulated to Directors in time to enable the Directors to effectively discharge their responsibilities. Any additional information requested by Directors is readily available. Monthly reports on the performance of the Company are also circulated to the Directors for their views and comments. The Board also has a formal schedule of matters reserved to it for deliberation and decision 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)
Chee Ho Chun

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 ("AGM") 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 AGM 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 AGM.

The details of the remuneration of Directors of the Company from the Group for the year ended 31 December 2010 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	-	2,442	31	2,473
Non-Executive Directors	86	147	3	236

Range of remuneration	Executive Directors	Non-Executive Directors
Up to RM50,000	-	3
RM70,001-RM75,000	1	-
RM150,001- RM200,000	1	1
RM450,001- RM500,000	1	-
RM650,001- RM700,000	1	-
RM1,050,001- RM1,100,000	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
Chee Ho Chun

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

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

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

Audit Committee

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

The composition and terms of reference of the Audit Committee together with its report are presented on pages 20 to 22 of the Annual Report.

Financial Reporting

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

Internal control

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

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

Relationship with the Auditors

The Company has established an appropriate and transparent relationship with its external and internal auditors through the Audit Committee. The role of the Audit Committee in relation to the external and internal auditors is set out in the Audit Committee Report on pages 20 to 22 of the Annual Report.

Relationship with shareholders and investors

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

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 of the Group.

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 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 5 May 2011.

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 1,127,300 of its own shares from the open market of Bursa Securities for a total consideration of RM3,170,656. 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 2010	Number of shares bought back	Lowest price paid (RM)	Highest price paid (RM)	Average price paid (RM)	Total cost * (RM)
January	177,400	2.43	2.80	2.731	484,526
April	111,300	3.25	3.30	3.294	366,580
May	221,300	2.69	3.20	3.004	664,722
September	61,700	2.95	3.00	2.996	184,857
October	99,400	2.86	2.91	2.901	288,337
November	211,800	2.60	2.87	2.765	585,636
December	244,400	2.34	2.66	2.439	595,998
Total	**1,127,300**	**2.34**	**3.30**	**2.813**	**3,170,656**

* *inclusive of transaction costs*

The details of shares re-sold during the financial year are as follows:

Monthly breakdown 2010	Number of shares	Resale price per share		Average price (RM)	Total net consideration received (RM)
		Lowest (RM)	Highest (RM)		
January	459,700	2.86	2.95	2.855	1,312,631
August	1,115,000	3.10	3.10	3.090	3,444,931
Total	**1,574,700**	**2.86**	**3.10**	**3.021**	**4,757,562**

During the financial year, all the shares purchased by the Company were retained as treasury shares. 1,574,700 treasury shares were resold during the financial year. As at 31 December 2010, a total of 623,100 ordinary shares were held as treasury shares.

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 RM21,900.00.

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. Employees and their families are also provided with medical and healthcare insurance commensurate with their rank and level of employments.

The Company’s Occupational Safety and Health Policy has been actively and effectively implemented to advocate key values of occupational safety and health of all employees. Constant education, training, counselling and prevention programs ensure a high level of awareness of safety requirements at all levels. Protective gear has been issued to all relevant workers, while preventive action such as fire evacuation drill is carried out annually.

To build a healthy workforce, sports and recreational activities organized by the in-house sports club are financially supported by the Company. Social and recreational activities such as annual dinner and various sports and games are organized to encourage physical wellbeing and greater employee interaction, as well as to cultivate a strong team spirit among the employees.

Community Welfare

The Company encourages and supports employees’ participation in community activities. During the year the Company organised a blood donation campaign with the Blood Bank of the General Hospital. The Group has donated to several charitable programs as well as providing income to poor and marginalized in the community of Melaka via our assembly project with a non-profit organisation.

Each year, the Company recruits students from colleges, technical schools and universities for its internship program for industrial and practical training in the Group’s operations. 9 trainees have been attached with the Company for their practical training during the financial year.

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.

Employees participate in recycling activities through our “Green Day” every Monday and Thursday, where they 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 centre. Also, 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, while non-reusable waste materials are sold to waste collectors. Bins are prepared for recycling of cardboards, paper and aluminium cans. The Company uses licensed contractors for scheduled waste disposal in compliance with the relevant regulations.

In conjunction with Earth Day which was observed on 22 April 2010, we carried out an integrated campaign on energy and water saving, enzyme and healthy organic food talk within the Company. All employees are also encouraged to practise the 5 R’s – ‘Refuse, Reuse, Reduce, Repair and Recycle’ in their daily activities to cultivate the positive habit.

Statement on Internal Control

Responsibility

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

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

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

Key Processes

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

Internal Audit Function

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

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

The internal audit function has focused on high priority activities determined by risk assessment and in accordance with the audit planning memorandum approved by the Audit Committee. Please refer to the Audit Committee Report as set out on pages 20 to 22.

Internal Control Systems

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

- Organisation structure with clearly defined delegation of responsibilities to the Audit Committee;
- Regular meetings are held at operational and management levels to identify and resolve business, financial, operational and management issues;
- The Company has been accredited ISO 9001:2008 since 2000. Documented internal procedures and standard operating procedures have been put in place and a yearly surveillance audit is conducted by assessors of the ISO certification body to ensure that the system is adequately implemented;
- Regular internal audit visits assigned by the Audit Committee who monitors compliance with procedures and assesses the integrity of financial information provided;
- Regular information is provided by the management to the Board on financial performance and key business indicators;

- Monthly monitoring of results by the management through financial reports such as monthly management accounts and cash flow statements;
- Budgeting and forecasting system governed by the Group's policy;
- Regular meetings between the Audit Committee and the management on the actions taken on internal control issues identified through reports prepared by the internal auditors, external auditors and/or management;
- Proper approval by the management on capital expenditure up to RM1 million and by the Board on capital expenditure exceeding RM1 million; and
- Proper approval and review by the Board on new ventures/business diversification (e.g. feasibility and viability reports of the projects for the Group's venture into property development).

There were no material losses incurred during the financial year as a result of weaknesses in internal controls. 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 31 March 2011.

Audit Committee Report

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2010.

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 2010 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
Sim Lian Heng (resigned 2 July 2010)	Non-Executive Director	Yes	Attended three (3) out of three (3) meetings
Chee Ho Chun	Non-Executive Director	Yes	Attended five (5) out of five (5) meetings
Heng Fu Joe (appointed 2 August 2010)	Non-Executive Director	Yes	Attended one (1) out of one (1) meeting

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 theirreview 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, 2010, the cost incurred in maintaining the outsourced internal audit function amounted to RM60,000.

Chairman's Statement

Dear Shareholders,

I am pleased to present to you the Annual Report and the audited financial statements of the Group and Company for the financial year ended 31 December 2010 ("FY2010").

The Malaysian economy rebounded strongly in 2010 alongside other Asian economies, with Gross Domestic Product ("GDP") expanding by 7.2% in 2010, compared with a contraction of 1.7% in 2009, largely due to the recovery in export-driven manufacturing activities and increased demand for services.

However, the flexible packaging industry was met by the steep increase in raw materials - namely polyethylene (PE) and polyester (PET) films - in the year under review. These developments resulted in a fundamental change in the operating cost structure of packaging manufacturers worldwide, thereby creating a more challenging scenario throughout the year.

Financial Overview

Despite the demanding environment, Daibochi delivered record group revenues in FY2010, jumping 20.7% year-on-year to RM267.8 million from RM221.8 million previously, driven by double-digit growth in both the packaging and property segments.

The packaging segment remained the major revenue contributor with RM244.9 million in FY2010, up 12.6% from RM217.4 million, mainly due to higher sales in the food and beverage ("F&B"), fast moving consumer goods ("FMCG") and specialty sectors in the domestic and overseas markets.

The property segment, meanwhile, contributed RM22.8 million in the year under review, a significant increase from RM4.3 million in FY2009, from the development of commercial properties in Melaka.

During the year under review, the Group's operating costs increased substantially, mainly due to the steep rise in raw material prices within a short span of time, which in turn impeded the Group's ability to raise selling prices to customers. The Group was also adversely impacted by the foreign exchange losses in FY2010, as a result of the strengthening Ringgit against the Australian and US Dollars during the year.

These factors resulted in the Group recording marginally lower profit before tax of RM23.8 million compared to RM27.1 million previously, while group net profit attributable to shareholders stood at RM18.2 million in FY2010, versus RM22.8 million in FY2009.

The Group's financial position remained strong, with shareholders equity of RM131.5 million as at end-2010 compared to RM123.3 million in the previous corresponding period.

Group borrowings were higher at RM29.5 million versus RM20.5 million previously, in order to finance the higher working capital requirements in line with the broader revenue base. Nevertheless, the Group maintained low gearing (net of cash) of 0.18 time as at end-2010, compared to net gearing of 0.12 time previously.

Dividend

In keeping with our policy to reward shareholders with no less than 50% of group net profit as dividends, the Group has announced and paid four interim dividends in respect of FY2010, comprising 3.5 sen, 2.5 sen, 3.0 sen and 3.5 sen in the first, second, third and fourth quarters respectively.

In total, Daibochi has paid 12.5 sen per share or RM9.4 million as dividends, representing 51.6% of FY2010 group net profit. We are cognizant of shareholders' continued support for us, and look forward to your partnership as we chart our growth path in the coming years.

Industry Outlook & Growth Prospects

Notwithstanding unabated concerns on the sharp price uptrends in plastic films, industry statistics have indicated that the global flexible packaging industry is still set to witness exponential growth in the near term, with the Global Industry Analysts projecting for the global market to be worth USD70.15 billion by 2015.

The continued demand for flexible packaging is underpinned by rapid replacement of rigid containers with flexible packaging, coupled with growing applications in various sectors, superior barrier protection properties, as well as end-user and merchandiser convenience.

The Asia Pacific region - led by India and China - is also anticipated to accrue a major share in the global market, surging ahead of other markets in the developed countries.

Armed with our proven track record and core competencies, the Group intends to leverage on these bright prospects to record another fruitful year.

With Daibochi currently the leading flexible packaging provider for our customers in the domestic market, we have set our sights on becoming the main supplier for our regional clients, in the F&B and FMCG sectors.

Furthermore, the past two years has seen the Group actively pursuing opportunities to develop high-potential customers in non-F&B sectors, and I am heartened to note that we have made considerable progress in our efforts. The Group had obtained certification to market our new electronic packaging solutions for the electronics manufacturing industry in July 2010, and since then we have commenced a trial production for a customer in Taiwan. We are hopeful for a significant breakthrough in this aspect in the near future.

The Group will also maintain our focus on research and development in order to innovate new applications to suit customers' requirements.

Our property development segment targets to complete our remaining project by the end of FY2011. Thereafter, the Group intends to focus its resources on building up its core packaging business for the long term.

Appreciation

Do allow me to thank the Board of Directors, management and staff for coming together to enable the Group achieve a commendable year.

At this juncture, the Board would like to record our deepest appreciation to Mr. Yong Jaw Teck for his numerous years of outstanding leadership and contribution as Managing Director and Executive Director of the Group. Mr. Yong retired from the Board on 24 August 2010. We would also like to thank Non-Executive Director Mr. Sim Lian Hing who retired from the Board on 2 July 2010. We wish both gentlemen the best in their future endeavours.

We would like to welcome on board Mr. Low Geoff Jin Wei, who joined the Board as Executive Director on 5 October 2010, and Mr. Heng Fu Joe who was appointed as Independent Non-Executive Director on 2 August 2010. We believe that they would add diversity to the Board and ably assist the Directors in carrying out our responsibilities.

Finally, our gratitude also goes to our valued customers, suppliers, business associates, Government authorities, and investors for their continued support to the Group. We look forward to another year of successful partnership.

P. JAMES EDWIN A/L LOUIS PUSHPARATNAM
CHAIRMAN

5 May 2011

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, 2010.

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 14 to the Financial Statements.

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

RESULTS OF OPERATIONS

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

	The Group RM'000	The Company RM'000
Profit before tax	23,826	20,514
Income tax expense	(5,118)	(4,151)
Profit for the year	18,708	16,363
Other comprehensive income for the year, net of tax	150	-
Total comprehensive income for the year	18,858	16,363
Profit attributable to:		
Owners of the Company	18,186	
Minority interests	522	
	18,708	
Total comprehensive income attributable to:		
Owners of the Company	18,263	
Minority interests	595	
	18,858	

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 third interim dividend of 6.5%, tax exempt, amounting to RM4,882,382, in respect of the financial year ended December 31, 2009 on March 16, 2010;

(ii) a first interim dividend of 3.5%, tax exempt, amounting to RM2,621,186 in respect of the financial year ended December 31, 2010 on June 4, 2010;

(iii) a second interim dividend of 2.5%, tax exempt, amounting to RM1,869,523 in respect of the financial year ended December 31, 2010 on September 3, 2010; and

(iv) a third interim dividend of 3.0%, tax exempt, amounting to RM2,265,924 in respect of the financial year ended December 31, 2010 on December 16, 2010.

On February 17, 2011, the directors declared a fourth interim dividend of 3.5%, tax exempt, amounting to RM2,622,033 in respect of the financial year ended December 31, 2010 which was paid on March 30, 2011. The said dividend has not been included as a liability in the financial statements as of December 31, 2010.

The directors do not recommend the payment of any final dividend in respect of the financial year ended December 31, 2010.

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 1,127,300 of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM3,170,657 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 RM2.81. The Company had also disposed of 1,574,700 treasury shares valued at RM3.02 for a total net consideration of RM4,757,562 in the open market, resulting in a surplus of RM1,132,041 which has been credited to share premium account as disclosed in Note 23 to the Financial Statements.

As of December 31, 2010, the Company held as treasury shares a total of 623,100 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 RM1,668,903 as disclosed in Note 22 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 statements of comprehensive income and statements of financial position 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 impairment, 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 impairment 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
Low Chan Tian
Chee Ho Chun
Heng Fu Joe (appointed on August 2, 2010)
Low Geoff Jin Wei (appointed on October 5, 2010)
Sim Lian Hing (resigned on July 2, 2010)
Yong Jaw Teck (resigned on August 24, 2010)

In accordance with Article 103 of the Company's Articles of Association, Datuk Wong Soon Lim and Mr. Chee Ho Chun retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting of the Company.

In accordance with Article 94 of the Company's Articles of Association, Mr. Heng Fu Joe and Mr. Low Geoff Jin Wei who were appointed to the Board since the last Annual General Meeting, retire under the said article and, being eligible, offers themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' INTERESTS

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

	No. of ordinary shares of RM1 each			
	Balance at 1.1.2010/ date of appointment	**Bought**	**Sold**	**Balance at 31.12.2010**
Shares in the Company				
Registered in the name of directors				
Low Chan Tian	4,916,720	-	-	4,916,720
Datuk Wong Soon Lim	4,706,440	-	-	4,706,440
Low Geoff Jin Wei	2,122,680	-	-	2,122,680
Chee Ho Chun	122,000	-	-	122,000
Lim Soo Koon	120,000	-	-	120,000
P. James Edwin A/L Louis Pushparatnam	6,280	-	-	6,280
Deemed Interest *				
Low Chan Tian	1,770,560	-	-	1,770,560
Datuk Wong Soon Lim	226,300	-	-	226,300
Chee Ho Chun	39,033	-	-	39,033

* Registered in the name of director's spouse.

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 20 to the Financial Statements.

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

AUDITORS

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

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

P. JAMES EDWIN A/L LOUIS PUSHPARATNAM

DATUK WONG SOON LIM

Melaka
March 31, 2011

Statement By Directors

The directors of **DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the provisions of 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, 2010 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 37, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements” as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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 31, 2011

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 financial statements 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 31st day of March, 2011.

Before me,

ONG SAN KEE
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 statements of financial position of the Group and of the Company as of December 31, 2010 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 90.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of the financial statements that give a true and fair view 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, 2010 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 14 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 adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 37 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

KAMARUL BAHARIN BIN TENGKU ZAINAL ABIDIN
Partner - 2903/11/11 (J)
Chartered Accountant

March 31, 2011

Statements Of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2010

		The Group		The Company	
		2010	2009	2010	2009
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	5	267,749	221,788	241,868	211,273
Cost of sales	6	(229,238)	(181,112)	(210,776)	(176,064)
Gross profit		38,511	40,676	31,092	35,209
Other operating income		1,911	3,142	2,281	3,373
Selling and distribution costs		(7,217)	(5,693)	(6,781)	(5,374)
Administrative expenses		(8,642)	(10,046)	(5,239)	(7,232)
Finance costs	7	(909)	(837)	(839)	(821)
Share of results of associated company		172	(101)	-	-
Profit before tax	9	23,826	27,141	20,514	25,155
Income tax expense	10	(5,118)	(3,957)	(4,151)	(3,341)
Profit for the year		18,708	23,184	16,363	21,814
Other comprehensive income, net of income tax					
Exchange differences on translating foreign operations		150	568	-	-
Total comprehensive income for the year		18,858	23,752	16,363	21,814
Profit attributable to:					
Owners of the Company		18,186	22,763		
Minority interests		522	421		
		18,708	23,184		
Total comprehensive income attributable to:					
Owners of the Company		18,263	23,053		
Minority interests		595	699		
		18,858	23,752		
Earnings per ordinary share attributable to owners of the Company - basic (sen)	11	24.17	30.05		

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

Statements Of Financial Position

AS OF DECEMBER 31, 2010

	Note	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	63,400	60,395	63,169	60,210
Land held for development	13	2,807	-	-	-
Investment in subsidiary companies	14	-	-	2,000	1,500
Investment in associated company	15	23,077	22,905	-	-
Deferred tax assets	16	69	38	-	-
		89,353	83,338	65,169	61,710
Current assets					
Inventories	17	48,586	36,913	39,420	29,066
Property development costs	18	9,436	15,146	-	-
Trade and other receivables	19	58,393	46,551	42,522	37,410
Amount receivable from subsidiary companies	20	-	-	47,377	44,725
Short-term deposits, cash and bank balances	21	6,304	5,761	4,078	3,314
		122,719	104,371	133,397	114,515
Total Assets		212,072	187,709	198,566	176,225

	Note	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	22	**75,902**	75,902	**75,902**	75,902
Treasury shares	22	**(1,669)**	(2,124)	**(1,669)**	(2,124)
Reserves	23	**57,233**	49,477	**50,606**	44,750
Equity attributable to owners of the Company		**131,466**	123,255	**124,839**	118,528
Minority interests		**1,654**	1,444	**-**	-
Total Equity		**133,120**	124,699	**124,839**	118,528
Non-current liabilities					
Long-term loans	24	**2,979**	3,644	**2,979**	905
Hire-purchase payables	25	**700**	141	**700**	141
Deferred tax liabilities	16	**6,018**	6,692	**6,629**	6,985
		9,697	10,477	**10,308**	8,031
Current liabilities					
Trade and other payables	26	**41,449**	34,443	**36,743**	33,204
Amount payable to a subsidiary company	20	**-**	-	**394**	-
Long-term loans	24	**2,299**	1,995	**2,299**	1,519
Hire-purchase payables	25	**264**	208	**264**	208
Derivative financial liabilities	27	**132**	-	**132**	-
Short-term borrowings	28	**23,290**	14,505	**22,162**	13,667
Current tax liabilities		**1,821**	1,382	**1,425**	1,068
		69,255	52,533	**63,419**	49,666
Total Liabilities		**78,952**	63,010	**73,727**	57,697
Total Equity and Liabilities		**212,072**	187,709	**198,566**	176,225

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

Consolidated Statement Of Changes In Equity

FOR THE YEAR ENDED DECEMBER 31, 2010

The Group		← Attributable to owners of the Company					→		
				Non-distributable reserves -		Distributable reserve -	Attributable to owners		
		Issued capital	Treasury shares	Share premium	Translation reserve	Retained earnings	of the parent	Minority interests	Total equity
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of January 1, 2009		75,902	(1)	1,224	(187)	36,733	113,671	820	114,491
Profit for the year		-	-	-	-	22,763	22,763	421	23,184
Other comprehensive income for the year, net of income tax		-	-	-	290	-	290	278	568
Total comprehensive income for the year		-	-	-	290	22,763	23,053	699	23,752
Dividends paid to owners of the Company	29	-	-	-	-	(11,346)	(11,346)	-	(11,346)
Dividends paid to minority interests		-	-	-	-	-	-	(75)	(75)
Share buy-back	22	-	(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

The Group	Note	Issued capital	Treasury shares	Share premium	Translation reserve	Retained earnings	Attributable to owners of the parent	Minority interests	Total equity
		Attributable to owners of the Company		Non-distributable reserves -		Distributable reserve -			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of January 1, 2010		75,902	(2,124)	1,224	103	48,150	123,255	1,444	124,699
Profit for the year		-	-	-	-	18,186	18,186	522	18,708
Other comprehensive income for the year, net of income tax		-	-	-	77	-	77	73	150
Total comprehensive income for the year		-	-	-	77	18,186	18,263	595	18,858
Dividends paid to owners of the Company	29	-	-	-	-	(11,639)	(11,639)	-	(11,639)
Dividends paid to minority interests		-	-	-	-	-	-	(385)	(385)
Share buy-back	22	-	(3,171)	-	-	-	(3,171)	-	(3,171)
Disposal of treasury shares	22,23	-	3,626	1,132	-	-	4,758	-	4,758
Balance as of December 31, 2010		75,902	(1,669)	2,356	180	54,697	131,466	1,654	133,120

Company Statement Of Changes In Equity

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, 2009		75,902	(1)	1,224	33,058	110,183
Profit for the year/Total comprehensive income for the year		-	-	-	21,814	21,814
Payment of dividends	29	-	-	-	(11,346)	(11,346)
Share buy-back	22	-	(2,123)	-	-	(2,123)
Balance as of December 31, 2009		75,902	(2,124)	1,224	43,526	118,528
Balance as of January 1, 2010		**75,902**	**(2,124)**	**1,224**	**43,526**	**118,528**
Profit for the year/Total comprehensive income for the year		**-**	**-**	**-**	**16,363**	**16,363**
Payment of dividends	29	**-**	**-**	**-**	**(11,639)**	**(11,639)**
Share buy-back	22	**-**	**(3,171)**	**-**	**-**	**(3,171)**
Disposal of treasury shares	22,23	**-**	**3,626**	**1,132**	**-**	**4,758**
Balance as of December 31, 2010		**75,902**	**(1,669)**	**2,356**	**48,250**	**124,839**

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

Statements Of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2010

	Note	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Cash receipts from customers and other receivables		257,834	222,509	235,776	212,254
Cash paid to suppliers, employees and other payables		(238,432)	(184,453)	(221,420)	(176,720)
Cash generated from operations	34	19,402	38,056	14,356	35,534
Interest paid		(779)	(507)	(667)	(500)
Tax paid		(5,421)	(3,208)	(4,150)	(2,909)
Net Cash Generated From Operating Activities		13,202	34,341	9,539	32,125
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Other interest received		73	59	39	39
Interest received from subsidiary companies		-	-	10	202
Dividend income from subsidiary company		-	-	371	61
Investment in subsidiary company		-	-	(500)	-
Increase in expenditure on land held for development		-	(211)	-	-
Purchase of property, plant and equipment (Note)		(10,253)	(7,266)	(10,170)	(7,185)
(Advances to)/repayment from subsidiary companies		-	-	(7)	1,169
Proceeds from disposal of property, plant and equipment		206	80	206	59
Net Cash Used In Investing Activities		(9,974)	(7,338)	(10,051)	(5,655)

	Note	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Share buy-back		**(3,171)**	(2,123)	**(3,171)**	(2,123)
Proceeds from disposal of treasury shares		**4,758**	-	**4,758**	-
Proceeds from long-term loans drawn down		**4,599**	-	**4,599**	-
Repayment of long-term loans		**(4,960)**	(6,901)	**(1,745)**	(6,460)
Dividends paid to owners of the Company		**(11,639)**	(11,346)	**(11,639)**	(11,346)
Dividends paid to minority interests		**(385)**	(75)	**-**	-
Interest paid		**(344)**	(561)	**(171)**	(321)
Proceeds from/(repayment of) short-term borrowings (net)		**7,060**	(11,447)	**7,060**	(11,447)
Advances from a subsidiary company		**-**	-	**460**	-
Repayment of hire-purchase		**(310)**	(434)	**(310)**	(360)
Net Cash Used In Financing Activities		**(4,392)**	(32,887)	**(159)**	(32,057)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,164)**	(5,884)	**(671)**	(5,587)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**4,558**	10,398	**2,949**	8,536
Effect of exchange differences		**(18)**	44	**-**	-
		4,540	10,442	**2,949**	8,536
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	**3,376**	4,558	**2,278**	2,949

Note:
During the financial year, the Group's and the Company's additions to property, plant and equipment amounted to RM11,177,000 (2009: RM7,342,000) and RM11,094,000 (2009: RM7,261,000) respectively of which RM924,000 (2009: RM76,000) was financed through hire-purchase arrangements. The balance of RM10,253,000 (2009: RM7,266,000) and RM10,170,000 (2009: RM7,185,000) 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 14.

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

The 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 31, 2011 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.

Adoption of New FRSs, Revised FRSs and Amendments to FRSs

In the current financial year, the Group and the Company adopted the following new FRSs, revised FRSs and amendments to FRSs issued by Malaysian Accounting Standards Board that are relevant to their operations and mandatory for financial periods beginning on or after January 1, 2010:

FRSs, Revised FRSs and Amendments to FRSs	
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 7	Financial Instruments: Disclosures
Improvements to FRSs (2009)	

Other than the effects as discussed below, the adoption of these new FRSs, revised FRSs and amendments to FRSs does not have significant financial impact on the Group and the Company for the current and previous financial years.

FRS 7 Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments, and the objectives, policies and process for managing capital.

Comparative disclosures have not been presented upon initial adoption of this Standard as the Group and the Company have availed themselves of the transitional provision in this Standard.

FRS 8 Operating Segments

FRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (FRS 114_{2004} Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. There is no impact on the identification of the Group's reportable segments as disclosed in Note 35.

FRS 101 Presentation of Financial Statements (revised)

FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. There is no impact on the Company's financial statements as this change in accounting policy affects only the presentation of the Company's financial statements.

FRS 139 Financial Instruments: Recognition and Measurement

The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions in FRS 139. On that date, financial assets were classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial liabilities were either classified as financial liabilities at fair value through profit or loss or other financial liabilities (i.e. those financial liabilities which are not held for trading or designated as at fair value through profit or loss upon initial recognition). The accounting policies for financial assets and financial liabilities are as disclosed in Notes 3 (q), 3 (r) and 3 (s) to the financial statements.

As the change in accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2009 or prior periods.

Improvements to FRSs (2009) - Amendment to FRS 117 Leases

The Group had previously accounted leases of land where title is not expected to pass to the lessee at the end of the lease term as an operating lease as the lease does not transfer substantially the risks and rewards incidental to ownership to the lessee.

Upon adoption of the Amendment to FRS 117 Leases, the Group had reassessed and determined that the leasehold land of the Group and the Company is a finance lease in substance and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of this FRS amendment.

The following comparative amounts have been restated as a result of the Amendment to FRS 117:

At 31.12.2009	As previously stated RM'000	Effects of changes in accounting policy RM'000	As restated RM'000
Property, plant and equipment	54,289	6,106	60,395
Prepaid lease payments	6,106	(6,106)	-

Revised FRSs, IC Interpretations ("IC Int."), Amendments to FRSs and IC Int. Issued but Not Effective

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

Revised FRSs, IC Int., Amendments to FRSs and IC Int.		Effective for Financial Periods Beginning, On or After
FRS 1	First-time Adoption of Financial Reporting Standards (Revised)	July 1, 2010
FRS 3	Business Combinations (Revised)	July 1, 2010
FRS 124	Related Party Disclosures (Revised)	January 1, 2012
FRS 127	Consolidated and Separate Financial Statements (Revised)	July 1, 2010
Amendments to FRS 1	Additional Exemptions for First-time Adopters	January 1, 2011
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)	January 1, 2011
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	January 1, 2011
Amendments to FRS 2	Share-based Payment (Amendment relating to scope of FRS 2 and FRS 3)	July 1, 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	July 1, 2010
Amendments to FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)	January 1, 2011
Amendments to FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issues)	March 1, 2010
Amendments to FRS 138	Intangible Assets	July 1, 2010
IC Int. 4	Determining Whether an Arrangement contains a Lease	January 1, 2011
Amendments to IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to scope of IC Int. 9 and revised FRS 3)	July 1, 2010
IC Int. 12	Service Concession Arrangements	July 1, 2010
Amendments to IC Int. 13	Customer Loyalty Programmes	January 1, 2011
Amendments to IC Int. 14	Prepayments of a Minimum Funding Requirement	July 1, 2011
IC Int. 15	Agreements for the Construction of Real Estate	January 1, 2012

Revised FRSs, IC Int., Amendments to FRSs and IC Int.		Effective for Financial Periods Beginning, On or After
IC Int. 16	Hedges of a Net Investment in a Foreign Operation	July 1, 2010
IC Int. 17	Distributions of Non-cash Assets to Owners	July 1, 2010
IC Int. 18	Transfers of Assets from Customers	January 1, 2011
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2011
Improvements to FRSs (2010)		January 1, 2011

The directors anticipate that the above revised FRSs, IC Int., amendments to FRSs and IC Int. 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.

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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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 profit or loss 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 initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial 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 end of the reporting period. 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, if any, are recognised in other comprehensive income and accumulated in equity and transferred to the Group's translation reserve (attributed to minority interests as appropriate). Such exchange differences are recognised in the other comprehensive income in the period in which the foreign operation 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 statements of comprehensive income 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 end of the reporting period.

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 the end of each reporting period 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 profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the deferred tax is also recognised outside profit or loss.

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, 2010. 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 profit or loss 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 profit or loss.

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:

Land under long lease	Over 99 years
Buildings under long lease	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.

(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 profit or loss 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. 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 statement of financial position 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 profit or loss 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.

(i) Impairment of assets

At the end of each reporting period, 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 profit or loss, 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 profit or loss, 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 profit or loss.

(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 profit or loss.

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 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 profit or loss over the billings to purchasers while progress billings represent the excess of billings to purchasers over property development revenue recognised in the profit or loss.

(n) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(o) **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 profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). The Group's foreign subsidiary company also makes contributions to its country's statutory pension schemes.

(p) **Provisions**

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognised to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of the amount required to settle the obligation at the end of reporting period, and are discounted to present value where the effect is material.

At the end of each reporting period, the provisions are reviewed by the directors and adjusted to reflect the current best estimate. The provisions are reversed if it is no longer probable that the Group and the Company will be required to settle the obligation.

(q) **Financial instruments**

Financial assets and financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

(i) **Financial assets**

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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, cash and cash equivalents and inter-company indebtedness and are measured at initial recognition at fair value, and are subsequently measured at amortised cost less impairment losses, if any.

(ii) **Financial liabilities**

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

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, accruals, inter-company indebtedness and borrowings which are initially measured at fair value and subsequently measured at amortised cost other than those categorised at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(iii) **Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(r) **Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Receivables are assessed for indicators of impairment at the end of each reporting period. Receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the receivables, the estimated future cash flows of the trade receivables have been impacted.

For receivables, objective evidence of impairment could include:

- Significant financial difficulty of the customers; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the customers will enter bankruptcy or financial re-organisation.

The carrying amount of the trade receivables is reduced by the impairment loss through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss.

(s) **Derivative financial instruments**

The Group uses foreign currency forward contracts to manage the risk associated with sales and purchase transactions of the foreign currency exposure generated.

Foreign currency forward contracts are initially recognised at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Foreign currency forward contracts with a positive fair value is recognised as financial assets and a negative fair value is recognised as a financial liabilities.

It is the Group's policy not to trade in derivative financial instruments. Details of foreign currency forward contracts entered into by the Group are recorded as derivative financial liabilities and disclosed under Note 27.

(t) **Equity instruments issued by the Group and the Company**

(i) **Classification as debt or equity**

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

(ii) **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of direct attributable transactions costs.

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.

(iii) **Dividends**

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.

(u) **Cash and cash equivalents**

For the purpose of the statements of cash flows, 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 statements of financial position.

(v) **Statements of cash flows**

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

(w) **Segment reporting**

Segment reporting is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

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 end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:

The Group recognised property development revenue based on percentage of completion method. The percentage of completion is measured by reference to the property development costs incurred to date to the estimated total costs for the property development. The percentage of completion method requires the Group to make reasonably dependable estimates of progress towards completion of property development projects and costs in determining the percentage of completion, and the recoverability of development projects. In making the estimate, management relied on opinion/service of experts, past experience and a continuous monitoring mechanism.

5. REVENUE

	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
Manufacturing and marketing of flexible packaging materials	244,943	217,445	240,639	211,273
Sales of completed property units	1,229	3,708	1,229	-
Property development revenue	21,577	635	-	-
	267,749	221,788	241,868	211,273

6. COST OF SALES

	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
Cost of inventories sold	211,337	178,510	210,006	176,064
Cost of completed property units sold	770	2,116	770	-
Property development costs	17,131	486	-	-
	229,238	181,112	210,776	176,064

7. FINANCE COSTS

	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
Interest expense on:				
Long-term loans	308	525	135	294
Bankers acceptances	447	401	447	401
Bank overdrafts	169	8	61	1
Hire-purchase	36	36	36	27
Export credit refinancing	122	54	122	54
Foreign currency trade financing	30	-	30	-
Others	8	44	8	44
	1,120	1,068	839	821
Less:				
Amount capitalised in property development costs (Note 18)				
Long-term loan	(173)	(231)	-	-
Bank overdraft	(38)	-	-	-
	(211)	(231)	-	-
	909	837	839	821

The capitalisation rate on borrowings ranges from 6.05% to 7.30% (2009: 6.55% to 7.50%) per annum.

8. DIRECTORS' REMUNERATION

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

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors' remuneration:				
Executive				
Salaries, bonus and other emoluments	2,121	3,790	1,335	3,646
Contributions to defined contribution plan	321	574	214	557
Non executive				
Fees	86	180	86	180
Other emoluments	147	174	147	174
	2,675	4,718	1,782	4,557

The estimated monetary value of benefits-in-kind received by the directors from the Group and the Company during the financial year amounted to RM34,000 (2009: RM45,000).

9. PROFIT BEFORE TAX

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

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Staff costs (including executive directors' remuneration):				
- Wages, salaries and others	(24,638)	(24,645)	(22,572)	(23,201)
- Contributions to defined contribution plan	(2,164)	(2,416)	(1,958)	(2,303)
Depreciation of property, plant and equipment	(7,994)	(8,105)	(7,955)	(8,077)
Foreign exchange (loss)/gain:				
- Realised	(910)	1,076	(891)	1,076
- Unrealised	326	314	326	314
Allowance for impairment - net of recoveries	(102)	(13)	-	(13)
Audit fee				
- current	(121)	(101)	(63)	(52)
- underprovision in prior year	(15)	-	(11)	-
Property, plant and equipment:				
- Gain on disposal	150	33	150	30
- Written off	(124)	(22)	(124)	(22)
Write-down of inventories	(249)	(322)	(249)	(322)
Rental of premises	(390)	(308)	(154)	(94)
Rental of equipment	(101)	(90)	(99)	(72)
Other interest received	73	59	39	39
Interest income from subsidiary companies	-	-	10	202
Dividend income from subsidiary company	-	-	371	61
Rental income received	2	2	2	2

10. INCOME TAX EXPENSE

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Estimated income tax payable:				
Current year				
- Malaysian tax	5,439	3,965	4,611	3,706
- Foreign tax	487	368	-	-
Overprovision in prior years	(106)	(41)	(104)	(16)
	5,820	4,292	4,507	3,690
Deferred tax (Note 16):				
Current year	(697)	(335)	(351)	(349)
Overprovision in prior years	(5)	-	(5)	-
	(702)	(335)	(356)	(349)
	5,118	3,957	4,151	3,341

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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before tax	23,826	27,141	20,514	25,155
Tax at the statutory income tax rate of 25%	5,957	6,785	5,128	6,289
Tax effects of:				
- different tax rate of subsidiary company operating in other jurisdictions	76	61	-	-
- expenses not deductible in determining taxable profit	129	176	123	132
- utilisation of reinvestment allowances	(887)	(3,049)	(887)	(3,049)
- income not taxable in determining taxable profit	(3)	-	(104)	(15)
Share of associated company's tax	(43)	25	-	-
Overprovision in prior years	(111)	(41)	(109)	(16)
Tax expense for the year	5,118	3,957	4,151	3,341

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 and disposed during the year.

	The Group	
	2010	**2009**
Profit attributable to owners of the Company (RM'000)	**18,186**	22,763
Weighted average number of ordinary shares in issue ('000)	**75,238**	75,743
Basic earnings per ordinary share (sen)	**24.17**	30.05

12. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost	Land and buildings under long lease 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, 2009	21,259	111,548	11,948	2,803	4,759	-	152,317
Effect of adoption of amendments to FRS 117	7,036	-	-	-	-	-	7,036
As restated	28,295	111,548	11,948	2,803	4,759	-	159,353
Additions	364	5,476	633	359	510	-	7,342
Disposals	-	(163)	-	(273)	(4)	-	(440)
Write-offs	-	(434)	-	-	(175)	-	(609)
Currency translation difference	-	-	-	42	23	-	65
Balance at December 31, 2009	28,659	116,427	12,581	2,931	5,113	-	165,711
Balance at January 1, 2010	**21,623**	**116,427**	**12,581**	**2,931**	**5,113**	**-**	**158,675**
Effect of adoption of amendments to FRS 117	**7,036**	**-**	**-**	**-**	**-**	**-**	**7,036**
As restated	**28,659**	**116,427**	**12,581**	**2,931**	**5,113**	**-**	**165,711**
Additions	**917**	**6,839**	**553**	**1,402**	**372**	**1,094**	**11,177**
Disposals	**-**	**(60)**	**-**	**(503)**	**-**	**-**	**(563)**
Write-offs	**(72)**	**(1,887)**	**(10,152)**	**(126)**	**(160)**	**-**	**(12,397)**
Reclassification	**-**	**16**	**-**	**-**	**(16)**	**-**	**-**
Currency translation difference	**-**	**-**	**-**	**6**	**2**	**-**	**8**
Balance at December 31, 2010	**29,504**	**121,335**	**2,982**	**3,710**	**5,311**	**1,094**	**163,936**

The Group

Accumulated Depreciation	Land and buildings under long lease 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, 2009	4,265	77,342	10,906	1,858	2,931	-	97,302
Effect of adoption of amendments to FRS 117	856	-	-	-	-	-	856
As restated	5,121	77,342	10,906	1,858	2,931	-	98,158
Charge for the year	554	5,994	855	324	378	-	8,105
Disposals	-	(136)	-	(254)	(3)	-	(393)
Write-offs	-	(415)	-	-	(172)	-	(587)
Currency translation difference	-	-	-	19	14	-	33
Balance at December 31, 2009	5,675	82,785	11,761	1,947	3,148	-	105,316
Balance at January 1, 2010	**4,745**	**82,785**	**11,761**	**1,947**	**3,148**	**-**	**104,386**
Effect of adoption of amendments to FRS 117	**930**	**-**	**-**	**-**	**-**	**-**	**930**
As restated	**5,675**	**82,785**	**11,761**	**1,947**	**3,148**	**-**	**105,316**
Charge for the year	**523**	**5,800**	**792**	**470**	**409**	**-**	**7,994**
Disposals	**-**	**(4)**	**-**	**(503)**	**-**	**-**	**(507)**
Write-offs	**(21)**	**(1,886)**	**(10,152)**	**(59)**	**(155)**	**-**	**(12,273)**
Reclassification	**-**	**9**	**-**	**-**	**(9)**	**-**	**-**
Currency translation difference	**-**	**1**	**-**	**3**	**2**	**-**	**6**
Balance at December 31, 2010	**6,177**	**86,705**	**2,401**	**1,858**	**3,395**	**-**	**100,536**
Net Book Value							
As of December 31, 2009	22,984	33,642	820	984	1,965	-	60,395
As of December 31, 2010	**23,327**	**34,630**	**581**	**1,852**	**1,916**	**1,094**	**63,400**

The Company

Cost	Land and buildings under long lease 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, 2009	21,259	111,548	11,948	2,656	4,685	-	152,096
Effect of adoption of amendments to FRS 117	7,036	-	-	-	-	-	7,036
As restated	28,295	111,548	11,948	2,656	4,685	-	159,132
Additions	364	5,476	633	307	481	-	7,261
Disposals	-	(163)	-	(228)	(4)	-	(395)
Write-offs	-	(434)	-	-	(175)	-	(609)
Balance at December 31, 2009	28,659	116,427	12,581	2,735	4,987	-	165,389
Balance at January 1, 2010	**21,623**	**116,427**	**12,581**	**2,735**	**4,987**	**-**	**158,353**
Effect of adoption of amendments to FRS 117	**7,036**	**-**	**-**	**-**	**-**	**-**	**7,036**
As restated	**28,659**	**116,427**	**12,581**	**2,735**	**4,987**	**-**	**165,389**
Additions	**917**	**6,756**	**553**	**1,402**	**372**	**1,094**	**11,094**
Disposals	**-**	**(60)**	**-**	**(503)**	**-**	**-**	**(563)**
Write-offs	**(72)**	**(1,887)**	**(10,152)**	**(126)**	**(160)**	**-**	**(12,397)**
Balance at December 31, 2010	**29,504**	**121,236**	**2,982**	**3,508**	**5,199**	**1,094**	**163,523**

The Company

Accumulated Depreciation	Land and buildings under long lease 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, 2009	4,265	77,342	10,906	1,797	2,889	-	97,199
Effect of adoption of amendments to FRS 117	856	-	-	-	-	-	856
As restated	5,121	77,342	10,906	1,797	2,889	-	98,055
Charge for the year	554	5,994	855	308	366	-	8,077
Disposals	-	(136)	-	(227)	(3)	-	(366)
Write-offs	-	(415)	-	-	(172)	-	(587)
Balance at December 31, 2009	5,675	82,785	11,761	1,878	3,080	-	105,179
Balance at January 1, 2010	**4,745**	**82,785**	**11,761**	**1,878**	**3,080**	**-**	**104,249**
Effect of adoption of amendments to FRS 117	**930**	**-**	**-**	**-**	**-**	**-**	**930**
As restated	**5,675**	**82,785**	**11,761**	**1,878**	**3,080**	**-**	**105,179**
Charge for the year	**523**	**5,792**	**792**	**446**	**402**	**-**	**7,955**
Disposals	**-**	**(4)**	**-**	**(503)**	**-**	**-**	**(507)**
Write-offs	**(21)**	**(1,886)**	**(10,152)**	**(59)**	**(155)**	**-**	**(12,273)**
Balance at December 31, 2010	**6,177**	**86,687**	**2,401**	**1,762**	**3,327**	**-**	**100,354**
Net Book Value							
As of December 31, 2009	22,984	33,642	820	857	1,907	-	60,210
As of December 31, 2010	**23,327**	**34,549**	**581**	**1,746**	**1,872**	**1,094**	**63,169**

The long term leasehold land has an unexpired lease period of more than 50 years.

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 RM49,893,000 (2009: RM59,325,000) and RM49,839,000 (2009: RM59,239,000) respectively, are still in use as of December 31, 2010.

Motor vehicles of the Group and the Company with aggregate net book values of RM922,000 (2009: RM466,000) as of December 31, 2010 respectively were acquired through hire-purchase.

13. LAND HELD FOR DEVELOPMENT

The Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
As of January 1, 2009	-	11,896	-	11,896
Additions during the year	-	-	442	442
Transfer to property development costs (Note 18)	-	(11,896)	(442)	(12,338)
As of December 31, 2009	-	-	-	-
Transfer from property development costs (Note 18)	2,322	-	485	2,807
As of December 31, 2010	2,322	-	485	2,807

Addition to land held for development includes the following:

	The Group 2010 RM'000	The Group 2009 RM'000
Interest expense on long-term loan	-	231

14. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2010 RM'000	The Company 2009 RM'000
Unquoted shares - at cost	2,000	1,500

During the financial year, the Company subscribed to an additional 499,998 new ordinary shares of RM1 each at par in a wholly owned subsidiary, Daibochi Trading Sdn. Bhd. (formerly known as Stable Development Sdn. Bhd.) for a cash consideration of RM499,998.

Details of the direct subsidiary companies are as follows:

Name of companies	Country of incorporation	Effective percentage ownership 2010	2009	Principal activities
Daibochi Land Sdn. Bhd.	Malaysia	**100%**	100%	Property development
Daibochi Technology Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
Daibochi Trading Sdn. Bhd. (formerly known as Stable Development Sdn. Bhd.)	Malaysia	**100%**	100%	Dormant
Daibochi Australia Pty. Ltd. *	Australia	**51%**	51%	Marketing of plastic bags and packaging materials.

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

15. INVESTMENT IN ASSOCIATED COMPANY

	The Group 2010 RM'000	2009 RM'000
Unquoted shares - at cost	**22,568**	22,568
Share of post-acquisition profit	**509**	337
	23,077	22,905

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

	The Group 2010 RM'000	2009 RM'000
Share of net tangible assets - at fair value	**22,808**	22,636
Goodwill	**269**	269
	23,077	22,905

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

Name of company	Effective percentage ownership 2010	2009	Principal activity
Skyline Resources (M) Sdn. Bhd. *	**36.32%**	36.32%	Property development

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

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

	2010 RM'000	**2009 RM'000**
Assets and liabilities		
Current assets	**44,097**	36,574
Non-current assets	**53,641**	61,566
Total Assets	**97,738**	98,140
Current liabilities	**48,408**	49,372
Non-current liabilities	**1,934**	2,098
Total Liabilities	**50,342**	51,470
Results		
Revenue	**11,247**	22,384
Profit for the year	**726**	1,238

16. DEFERRED TAX ASSETS / (LIABILITIES)

	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
Deferred tax assets	**69**	38	**-**	-
Deferred tax liabilities	**(6,018)**	(6,692)	**(6,629)**	(6,985)
	(5,949)	(6,654)	**(6,629)**	(6,985)
At beginning of year	**(6,654)**	(6,999)	**(6,985)**	(7,334)
Currency translation differences	**3**	10	**-**	-
Transfer to income statements (Note 10)	**702**	335	**356**	349
At end of year	**(5,949)**	(6,654)	**(6,629)**	(6,985)

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

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deferred tax assets				
Others	69	38	-	-
Deferred tax liabilities				
Property, plant and equipment	7,347	7,626	7,347	7,626
Others	(1,329)	(934)	(718)	(641)
	6,018	6,692	6,629	6,985

17. INVENTORIES

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Raw materials	17,991	12,143	17,991	12,143
Work-in-progress	7,343	6,654	7,343	6,654
Finished goods	16,982	11,503	12,491	8,331
Consumables	1,489	1,061	1,489	1,061
Completed property units	4,781	5,552	106	877
Total	48,586	36,913	39,420	29,066

Cost of inventories recognised as an expense of the Group and the Company during the year amounted to RM160,639,000 (2009: RM134,657,000) and RM161,754,000 (2009: RM130,812,000) respectively.

The cost of inventories recognised as an expense for the Group and the Company included an amount of approximately RM249,000 (2009: RM322,000) in respect of write-downs of inventory to net realisable value. There was no reversal of write-downs during the financial year.

18. PROPERTY DEVELOPMENT COSTS

Property development costs comprise the following:

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
At beginning of year:				
Freehold land	2,322	3,260	-	73
Leasehold land	11,896	-	-	-
Development costs	928	970	-	146
	15,146	4,230	-	219
Costs incurred during the year:				
Leasehold land	4,517	-	-	-
Development costs	9,711	-	-	-
	14,228	-	-	-
Costs recognised as an expense:				
Freehold land	-	(349)	-	-
Leasehold land	(10,759)	-	-	-
Development costs	(6,372)	(137)	-	-
	(17,131)	(486)	-	-
Transfer (to)/from land held for development (Note 13):				
Freehold land	(2,322)	-	-	-
Leasehold land	-	11,896	-	-
Development costs	(485)	442	-	-
	(2,807)	12,338	-	-
Costs transferred to inventories:				
Freehold land	-	(589)	-	(73)
Development costs	-	(347)	-	(146)
	-	(936)	-	(219)
At end of year:				
Freehold land	-	2,322	-	-
Leasehold land	5,654	11,896	-	-
Development costs	3,782	928	-	-
	9,436	15,146	-	-

The leasehold land has been charged as a security for bank borrowings as disclosed in Note 24 and Note 28. During the financial year, the Group's borrowing costs of RM211,000 (2009: RM231,000) were capitalised by applying the capitalisation rate ranging from 6.05% to 7.30% (2009: 6.55% to 7.50%) per annum and are included in property development costs.

19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables	49,873	45,190	39,243	38,247
Allowance for impairment	(111)	(1,719)	(2)	(1,719)
	49,762	43,471	39,241	36,528
Accrued billings	5,304	-	-	-
Other receivables	256	225	256	225
Prepaid expenses	252	49	223	20
Deposits	2,819	2,806	2,802	637
	58,393	46,551	42,522	37,410

Of the trade receivables balance as of December 31, 2010, RM18,672,000 (2009: RM18,948,000) is due from the Group's and the Company's major customers. There are no other customers who represent more than 10% of the total balance of trade receivables.

The Group and the Company grant credit at various terms. Trade receivables disclosed above include amounts which are past due at the end of the reporting period but against which the Group and the Company have not recognised an allowance for impaired receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group and the Company do not hold any collateral or other credit enhancements over these balances nor do they have a legal right of offset against any amounts owed by the Group and the Company to the counterparty.

Analysis of ageing of past due but not impaired:

	The Group	The Company
	2010 RM'000	2010 RM'000
1 to 30 days	11,294	8,090
31 to 60 days	2,259	1,870
61 to 90 days	472	468
More than 90 days	454	481
Total	14,479	10,909

Movement in the allowance account:

	The Group 2010 RM'000	The Company 2010 RM'000
Balance at beginning of the year	1,719	1,719
Impairment losses recognised on receivables	107	5
Amounts written off during the year as uncollectible	(1,717)	(1,717)
Amount recovered during the year	(5)	(5)
Currency translation difference	7	-
Balance at end of the year	111	2

Analysis of ageing of impaired trade receivables:

	The Group 2010 RM'000	The Company 2010 RM'000
More than 90 days	111	2

An allowance has been made for estimated irrecoverable amounts from the sales of goods of RM111,000 (2009: RM1,719,000) for the Group and RM2,000 (2009: RM1,719,000) for the Company. This allowance has been determined by reference to past default experience of the Group and the Company.

Trade receivables amounting to RM1,717,000 (2009: RM212,000) have been written off against allowance for impairment 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	32,798	27,552	30,039	27,146
United States Dollar	9,195	11,034	9,195	11,034
Australian Dollar	7,880	6,537	9	-
Singapore Dollar	-	67	-	67
	49,873	45,190	39,243	38,247

20. 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 the trade transactions that are repayable within the normal trade terms of 90 days (2009: 90 days) and bear interest at rates ranging from 5.09% to 5.73% (2009: 4.30% to 5.59%) per annum.

In 2009, certain portion of the advances to a subsidiary company bears interest at rates ranging from 5.55% to 6.50% per annum.

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

	The Company	
	2010	2009
	RM'000	RM'000
Ringgit Malaysia	37,823	37,882
Australian Dollar	9,554	6,843
	47,377	44,725

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	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Subsidiary companies				
Daibochi Australia Pty. Ltd.				
- Sales of goods	-	-	29,565	21,566
- Dividend income (tax exempt)	-	-	371	61
- Interest income	-	-	10	73
- Sales of property, plant and equipment	-	-	60	-
Daibochi Land Sdn. Bhd.				
- Interest income	-	-	-	129
Associated company				
Skyline Resources (M) Sdn. Bhd. *				
- Management fee payable	396	168	-	-

* 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short-term employee benefits	2,112	2,756	1,793	2,441
Contributions to defined contribution plan	294	385	270	363
	2,406	3,141	2,063	2,804

21. SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short-term deposits with a licensed bank	-	2,400	-	2,400
Housing Development Account with a licensed bank	158	156	-	-
Cash and bank balances	6,146	3,205	4,078	914
	6,304	5,761	4,078	3,314

During the financial year, short-term deposits with a licensed bank of the Group and the Company earn interest at rates ranging from 1.05% to 1.40% (2009: 1.00% to 2.60%) per annum and have maturity periods ranging from 1 day to 4 days (2009: 1 day to 20 days).

Included in cash and bank balances of the Group is an amount of approximately RM158,000 (2009: RM156,000) 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	2,803	5,606	653	3,314
United States Dollar	2,358	1	2,358	-
Australian Dollar	1,143	154	1,067	-
	6,304	5,761	4,078	3,314

22. SHARE CAPITAL

	The Group and The Company	
	2010 RM'000	2009 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	(2,124)	(1)
Share buy-back during the year	(3,171)	(2,123)
Disposal of treasury shares	3,626	-
At end of year	(1,669)	(2,124)

During the financial year, the Company purchased 1,127,300 (2009: 1,069,500) of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM3,170,657 (2009: 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 RM2.81 (2009: RM1.99). The Company had also disposed of 1,574,700 (2009: Nil) treasury shares valued at RM3.02 (2009: RMNil) for a total net consideration of RM4,757,562 (2009: RMNil) in the open market, resulting in a surplus of RM1,132,041 (2009: RMNil) which has been credited to share premium account.

As of December 31, 2010, the Company held as treasury shares a total of 623,100 (2009: 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 RM1,668,903 (2009: RM2,123,768).

23. RESERVES

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-distributable reserves:				
Share premium	2,356	1,224	2,356	1,224
Translation reserve	180	103	-	-
Distributable reserve:				
Retained earnings	54,697	48,150	48,250	43,526
	57,233	49,477	50,606	44,750

Share premium

	The Group and The Company	
	2010	2009
	RM'000	RM'000
At beginning of year	1,224	1,224
Disposal of treasury shares	1,132	-
At end of year	2,356	1,224

Share premium arose from the issuance of new ordinary shares under the Company's Employees Share Option Scheme in prior years and surplus of consideration from disposal of treasury shares during the financial year.

Translation reserve

	The Group	
	2010	2009
	RM'000	RM'000
At beginning of year	103	(187)
Exchange differences arising on translation of foreign operations	77	290
At end of year	180	103

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, 2010, 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.

24. LONG-TERM LOANS

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Term loans				
- Unsecured	5,278	2,424	5,278	2,424
- Secured	-	3,215	-	-
	5,278	5,639	5,278	2,424
Less: Portion due within one year (included under current liabilities)				
- Unsecured	(2,299)	(1,519)	(2,299)	(1,519)
- Secured	-	(476)	-	-
	(2,299)	(1,995)	(2,299)	(1,519)
	2,979	3,644	2,979	905

The non-current portion is repayable as follows:

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Financial years ending December 31,				
2011	1,572	1,414	1,572	905
2012	1,355	543	1,355	-
2013	52	579	52	-
2014	-	618	-	-
2015 and thereafter	-	490	-	-
	2,979	3,644	2,979	905

The unsecured term loans of the Group and the Company bear interest at effective interest rates ranging from 3.52% to 4.75% (2009: 3.79% to 5.13%) 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 7.30% (2009: 6.55% to 7.50%) 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 18 and covered by a corporate guarantee issued by the Company. During the financial year the term loan was fully settled.

25. HIRE-PURCHASE PAYABLES

	The Group and The Company	
	2010	2009
	RM'000	RM'000
Total installments outstanding	1,072	368
Less: Interest-in-suspense	(108)	(19)
Principal outstanding	964	349
Less: Portion due within one year (included under current liabilities)	(264)	(208)
Non-current portion	700	141

The non-current portion is repayable as follows:

	The Group and The Company	
	2010	2009
	RM'000	RM'000
Financial years ending December 31,		
2011	-	111
2012	209	30
2013	189	-
2014	200	-
2015	102	-
	700	141

The hire-purchase liabilities of the Group and the Company are repayable by 36 to 60 monthly installments (2009: 36 to 84 monthly installments). For the financial year ended December 31, 2010, the effective interest rates are 4.84% to 7.00% (2009: 4.50% to 7.50%) 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.

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Trade payables	32,319	23,378	28,256	23,277
Other payables	2,427	351	2,126	303
Accrued expenses	6,649	9,959	6,334	9,623
Deposits payable	54	755	27	1
	41,449	34,443	36,743	33,204

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The Group and the Company have financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Included in accrued expenses of the Group is an amount of RM60,000 (2009: RMNil) which is amount owing to associated company, Skyline Resources (M) Sdn. Bhd. arising from management fee as disclosed in Note 20.

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

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	27,050	19,732	23,134	19,732
United States Dollar	4,879	3,492	5,047	3,492
Australian Dollar	315	101	-	-
Singapore Dollar	36	101	36	101
Other currencies	39	(48)	39	(48)
	32,319	23,378	28,256	23,277

27. DERIVATIVE FINANCIAL LIABILITIES

Derivative instruments carried at fair value through profit and loss.

	The Group and The Company	
	2010	2009
	RM'000	RM'000
Foreign currency forward contracts:		
Australian Dollar	130	-
United States Dollar	2	-
	132	-

28. SHORT-TERM BORROWINGS

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unsecured:				
Bankers acceptances	12,189	13,302	12,189	13,302
Export credit refinancing	4,576	-	4,576	-
Foreign Currency Trade Financing	3,597	-	3,597	-
Bank overdraft (Note 30)	1,800	365	1,800	365
	22,162	13,667	22,162	13,667
Secured:				
Bank overdraft (Note 30)	1,128	838	-	-
	23,290	14,505	22,162	13,667

During the financial year, interest on bank overdrafts, bankers acceptances, export credit refinancing and foreign currency trade financing is chargeable at rates ranging from 6.80% to 9.05% (2009: 6.30% to 7.98%), 2.43% to 3.53% (2009: 2.25% to 4.17%), 2.55% to 3.05% (2009: 3.25% to 3.75%) and 1.07% to 1.52% (2009: Nil) 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 (2009: RM4,000,000) over a plot of leasehold commercial land of the subsidiary company included in property development costs as mentioned in Note 18;

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

(c) a Standby Letter of Credit for Australian Dollar 500,000 (equivalent to RM1,577,300) (2009: RM1,576,500).

29. DIVIDENDS PAID

	The Group and The Company	
	2010	2009
	RM'000	RM'000
First and final tax exempt dividend for 2008 of 6.0%, paid on June 23, 2009	-	4,554
Third interim tax exempt dividend for 2009 of 6.5%, paid on March 16, 2010	4,882	-
First interim tax exempt dividend for 2010 of 3.5%, paid on June 4, 2010 (2009: 4.0% tax exempt, paid on August 27, 2009)	2,621	3,036
Second interim tax exempt dividend for 2010 of 2.5%, paid on September 3, 2010 (2009: 5.0% tax exempt, paid on December 17, 2009)	1,870	3,756
Third interim tax exempt dividend for 2010 of 3.0%, paid on December 16, 2010 (2009: Nil)	2,266	-
	11,639	11,346

On February 17, 2011, the directors declared a fourth interim dividend of 3.5%, tax exempt, amounting to RM2,622,033 in respect of the financial year ended December 31, 2010 which was paid on March 30, 2011. The financial statements do not reflect this dividend declared after December 31, 2010, which will be accounted for as an appropriation of retained earnings in the financial year ending December 31, 2011.

The directors do not recommend the payment of any final dividend in respect of the financial year ended December 31, 2010.

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following:

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Short-term deposits with a licensed bank (Note 21)	-	2,400	-	2,400
Housing Development Account with a licensed bank (Note 21)	158	156	-	-
Cash and bank balances (Note 21)	6,146	3,205	4,078	914
Bank overdrafts (Note 28)	(2,928)	(1,203)	(1,800)	(365)
	3,376	4,558	2,278	2,949

31. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2009.

The capital structure of the Group consists of total borrowings as detailed in Notes 24, 25 and 28 and equity of the Group which is defined as issued capital, reserves, retained earnings and minority interests as detailed in Notes 22 and 23.

During the financial year, the Group's strategy which was unchanged from 2009 was to maintain the gearing ratio within manageable levels. The gearing ratios at December 31, 2010 and December 31, 2009 were as follows:

	The Group	
	2010	**2009**
Total borrowings (RM'000)	**29,532**	20,493
Total equity (RM'000)	**133,120**	124,699
Gearing ratios	**0.22**	0.16

With respect to banking facilities that the Group has with a financial institution, the Group is to ensure that the gearing ratio does not exceed 1.0 time at all times.

Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised as follows:

	The Group	The Company
	2010	**2010**
	RM'000	**RM'000**
Financial assets		
Loans and receivables:		
Trade receivables	49,762	39,241
Other receivables	256	256
Amount receivable from subsidiary companies	-	47,377
Short-term deposits, cash and bank balances	6,304	4,078
Financial liabilities		
Derivative instruments	132	132
Other financial liabilities measured at amortised cost:		
Long-term loans	5,278	5,278
Hire-purchase payables	964	964
Short-term borrowings	23,290	22,162
Trade payables	32,319	28,256
Other payables	2,427	2,126
Accrued expenses	6,649	6,334
Amount payable to a subsidiary company	-	394

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including market risk (including foreign currency risk and 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) **Market risk**

The Group enters into derivative instruments through profit or loss to manage its exposure to foreign currency risk, including foreign currency forward contracts to hedge the exchange rate risk arising from the collections and payments of raw material.

Market risk exposures are measured and supplemented by sensitivity analysis as disclosed in Note 31(b) and 31(c).

There has been no change to the Group’s exposure to market risks or the manner in which these risks are managed and measured.

(b) **Foreign currency risk**

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading activities. The Group manages its foreign exchange exposure by matching revenue and costs in the relevant currency and where exposure is certain, the Group uses foreign currency forward contracts to manage these foreign risks.

Foreign currency sensitivity analysis

A 5% strengthening of the Ringgit Malaysia against the following currencies at the reporting date would have increased/(decreased) total equity and profit or loss by the amounts shown below.

	The Group		The Company
	Equity RM’000	Profit or Loss RM’000	Profit or Loss RM’000
United States Dollar	-	(28)	(28)
Australian Dollar	(169)	-	(459)
Other currencies	-	37	37
	(169)	9	(450)

Foreign currency forward contracts

The Group enters into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuations on trade transactions denominated in foreign currencies.

As of December 31, 2010, the table details the sales and purchases contracts outstanding as follows:

Outstanding contracts	Average exchange rate	Foreign currency RM'000	Notional value RM'000	Fair value RM'000
Sell AUD				
- Less than 1 year	3.075	2,400	7,381	7,511
Buy USD				
- Less than 1 year	3.100	153	473	471

(c) **Interest rate risk**

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing long-term loans and short-term borrowings as disclosed in Notes 24 and 28.

Interest rate sensitivity analysis

An interest rate at the end of reporting period is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates. The Group's sensitivity is based on a change of 25 basis points in interest rates at the end of the reporting period would have increased/(decreased) the profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

	The Group RM'000	The Company RM'000
Interest expenses on:		
Short-term borrowings	88	54
Long-term borrowings	89	89
	177	143

(d) **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 statements of financial position.

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 two major customers as disclosed in Note 35, 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.

(e) **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.

As of December 31, 2010, the unutilised credit facilities were as follows:

	RM'000
Unsecured bankers' acceptance, bank overdraft and other credit facilities:	
Amount unused	56,578

(f) **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.

(g) **Fair values**

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

		Carrying Amount		Fair Value	
		2010	2009	2010	2009
The Group	**Note**	RM'000	RM'000	RM'000	RM'000
Financial liabilities					
Long-term loans	24	5,278	5,639	4,924	5,362
Hire-purchase payables	25	964	349	841	315
The Company					
Financial liabilities					
Long-term loans	24	5,278	2,424	4,924	2,124
Hire-purchase payables	25	964	349	841	315

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 and other receivables, 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, 2010, the Group has the following non-cancellable lease commitments in respect of rental of premises:

	The Group Future Minimum Lease Payments	
	2010 RM'000	**2009 RM'000**
Financial years ending December 31,		
2010	-	238
2011	258	245
2012	22	20
	280	503

33. CONTINGENT LIABILITIES

As of December 31, 2010, the Company has issued corporate guarantees totalling RM8,500,000 (2009: RM8,500,000) and a Standby Letter of Credit for Australian Dollar 500,000 (equivalent to RM1,577,300) (2009: RM1,576,500) 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.

At the end of the reporting period, it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the fair value for the corporate guarantees and a Standby Letter of Credit is RMNil.

34. CASH GENERATED FROM OPERATIONS

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit for the year	18,708	23,184	16,363	21,814
Adjustments for:				
Income tax expense	5,118	3,957	4,151	3,341
Unrealised gain on foreign exchange	(326)	(314)	(326)	(314)
Allowance for impairment - net of recoveries	102	13	-	13
Property, plant and equipment:				
- Gain on disposal	(150)	(33)	(150)	(30)
- Written off	124	22	124	22
Depreciation and amortisation:				
- Property, plant and equipment	7,994	8,105	7,955	8,077
Share of results of associated company	(172)	101	-	-
Write-down of inventories	249	322	249	322
Finance costs	909	837	839	821
Other interest received	(73)	(59)	(39)	(39)
Interest received from subsidiary companies	-	-	(10)	(202)
Dividend income from subsidiary company	-	-	(371)	(61)
Operating profit before changes in working capital	32,483	36,135	28,785	33,764
Movement in working capital:				
(Decrease)/Increase in:				
Inventories	(11,663)	4,822	(10,604)	3,310
Property development costs	3,113	486	-	-
Trade and other receivables	(9,188)	(4,724)	(4,842)	329
Amount receivable from subsidiary company	-	-	(3,105)	(1,985)
Increase in:				
Trade and other payables	4,657	1,337	3,728	116
Amount payable to subsidiary company	-	-	394	-
Cash generated from operations	19,402	38,056	14,356	35,534

35. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

For management purposes, the Group is organised into the following operating divisions:
- Packaging - manufacture and marketing of flexible packaging materials
- Property development - development of land into residential and commercial building properties

Information regarding the Group's reportable segments is presented below:

Segment Revenue and Results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

2010	Packaging RM'000	Property Development RM'000	Eliminations RM'000	The Group RM'000
Revenue	244,943	22,806	-	267,749
Results				
Segment results	21,180	3,753	-	24,933
Unallocated costs				(370)
Profit from operations				24,563
Finance costs				(909)
Share of results of associated company	-	172	-	172
Profit before tax				23,826
Income tax expense				(5,118)
Profit for the year				18,708

2009	Packaging RM'000	Property Development RM'000	Eliminations RM'000	The 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 expense				(3,957)
Profit for the year				23,184

Segment Assets and Liabilities

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated costs represent common costs and expenses incurred in dormant subsidiary companies. Segment assets consist primarily of property, plant and equipment, 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.

2010	Packaging RM'000	Property Development RM'000	Eliminations RM'000	The Group RM'000
Assets				
Segment assets	206,929	29,305	(47,347)	188,887
Investment in associated company	-	23,077	-	23,077
Unallocated assets				108
Consolidated total assets				212,072
Liabilities				
Segment liabilities	47,226	41,698	(47,347)	41,577
Unallocated liabilities				37,375
Consolidated total liabilities				78,952

	Packaging RM'000	Property Development RM'000	Eliminations RM'000	The Group RM'000
2009				
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

Other Segment Information

Other information	Packaging RM'000	Property Development RM'000	Eliminations RM'000	The Group RM'000
2010				
Capital additions	**11,177**	**-**	**-**	**11,177**
Depreciation for property, plant and equipment	**7,994**	**-**	**-**	**7,994**
2009				
Capital additions	7,342	-	-	7,342
Depreciation for property, plant and equipment	8,105	-	-	8,105

Geographical Information

The Group operates in two principal geographical areas - Malaysia (country of domicile) and Australia.

The Group's revenue from continuing operations from external customers and information about its non-current assets* by geographical location are detailed below:

	The Group	
	2010 RM'000	2009 RM'000
Revenue		
Malaysia	233,880	194,713
Australia	33,869	27,075
	267,749	221,788
Non current assets *		
Malaysia	63,169	60,210
Australia	231	185
	63,400	60,395

* Non-current assets do not include land held for development, investment in associated company and deferred tax assets.

Information about major customers

Revenue from two major customers from the packaging segment of the Group amounted to RM114,195,000 (2009: RM109,856,000). For the purposes of this disclosure a major customer is defined as one in which revenue from transactions with a single customer amounts to 10% or more of the Group's revenue.

36. CAPITAL COMMITMENTS

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Capital expenditure approved and contracted for in respect of:				
- Purchase of plant and equipment	9,840	479	9,840	479
- Purchase of land for development	-	2,169	-	-
Capital expenditure approved but not contracted for in respect of purchase of plant and equipment	5,982	10,131	5,982	10,131

37. SUPPLEMENTARY INFORMATION – DISCLOSURE ON REALISED AND UNREALISED PROFITS/ LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and prescribed format of disclosure.

The breakdown of retained earnings of the Group and the Company as at the reporting date, into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Total retained earnings:-				
- Realised	62,039	55,279	52,843	48,801
- Unrealised	(4,532)	(5,243)	(4,593)	(5,275)
	57,507	50,036	48,250	43,526
Total share of retained earnings from an associated company:-				
- Realised	508	335	-	-
- Unrealised	1	2	-	-
	58,016	50,373	48,250	43,526
Less: Consolidation adjustments	(3,319)	(2,223)	-	-
Total retained earnings	54,697	48,150	48,250	43,526

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses is made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

Statement Of Shareholdings AS AT 5 MAY 2011

SHAREHOLDINGS

Authorised Share Capital	:	RM200,000,000
Issued and Paid-up Share Capital	:	RM75,901,801 comprising 75,901,801 ordinary shares 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

Size of shareholdings	Shareholders No.	Shareholders %	No. of shares held No.	No. of shares held % *
less than 100	304	9.82	13,318	0.02
100 - 1,000	372	12.02	299,983	0.40
1,001 - 10,000	1,920	62.02	7,706,494	10.31
10,001 - 100,000	435	14.05	12,022,733	16.09
100,001 to less than 5% of issued shares	63	2.03	45,052,913	60.30
5% and above of issued shares	2	0.06	9,623,160	12.88
Total	3,096	100.00	74,718,601	100.00

SUBSTANTIAL SHAREHOLDERS

Name	No. of shares Direct	No. of shares Deemed**	% of issued shares*
Low Chan Tian	4,916,720	1,770,560	8.95
Datuk Wong Soon Lim	4,706,440	226,300	6.60

DIRECTORS' SHAREHOLDINGS

Name	No. of shares Direct	No. of shares Deemed**	% of issued shares*
Low Chan Tian	4,916,720	1,770,560	8.95
Datuk Wong Soon Lim	4,706,440	226,300	6.60
Low Geoff Jin Wei	2,617,680	-	3.50
Chee Ho Chun	122,000	39,033	0.22
Lim Soo Koon	120,000	-	0.16
P. James Edwin A/L Louis Pushparatnam	6,280	-	0.01
Heng Fu Joe	-	-	-

* Excluding a total of 1,183,200 shares bought back by the Company and retained as treasury shares.
** Deemed interest through spouse

THIRTY LARGEST SHAREHOLDERS

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

Name	No. of shares	% of issued shares *
Datuk Wong Soon Lim	4,079,773	5.46
Datin Teh Kim Hong	3,469,181	4.64
CIMB Group Nominees (Tempatan) Sdn Bhd – Yulina Binti Baharuddin	3,072,000	4.11
Low Chan Tian	2,902,320	3.88
Low Geoff Jin Wei	2,617,680	3.50
Chew Soon Heng	2,345,748	3.14
Chua Tiang Kim	2,082,480	2.79
Lim Koy Peng	2,063,400	2.76
Low Chan Tian	2,014,400	2.70
Brendan Low Kang Wei	1,843,848	2.47
HSBC Nominees (Asing) Sdn Bhd – HSBC FS I for Apollo Asia Fund Ltd	1,843,000	2.47
Brian Low Chean Wei	1,839,516	2.46
Amanahraya Trustees Berhad - Public Islamic Opportunities Fund	1,707,200	2.28
HSBC Nominees (Asing) Sdn Bhd - JP Morgan Chase Bank, National Association (Norges BK NLend)	1,707,200	2.28
Cimsec Nominees (Asing) Sdn Bhd - Low Kim Foong	1,666,560	2.23
Goh Thong Beng	1,288,000	1.72
Amanahraya Trustees Berhad - Public Islamic Select Treasures Fund	1,267,600	1.70
Public Invest Nominees (Tempatan) Sdn Bhd - Wong Yoke Fong @ Wong Nyok Fing (M)	1,151,800	1.54
Husein Bin Tamby Chik	828,800	1.11
HDM Nominees (Asing) Sdn Bhd - UOB Kay Hian Pte Ltd for YCH Holdings (Pte) Ltd	820,000	1.10
Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Mak Tian Meng (MY0343)	806,900	1.08
DB (Malaysia) Nominee (Tempatan) Sdn Bhd - Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	702,400	0.94
Tan Booi Charn	700,000	0.94
Lim Keat Sear	698,400	0.93
Tan Booi Charn	670,000	0.90
Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Rickoh Corporation Sdn Bhd (MY0507)	500,000	0.67
Chew Gee Lan	497,333	0.67
RHB Capital Nominees (Tempatan) Sdn Bhd - Choong Foong Ming (CEB)	495,600	0.66
Citigroup Nominees (Tempatan) Sdn Bhd - Num Siew Yoke (472113)	490,000	0.66
Citigroup Nominees (Tempatan) Sdn Bhd - Allianz Life Insurance Malaysia Berhad (MEF)	476,000	0.64
	46,647,139	62.43

* Excluding a total of 1,183,200 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 2010
						RM'000
Lot 7, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	2 buildings - 18 years 3 buildings - 17 years 1 building - 16 years 1 building - 15 years	2.692 hectares	Leasehold expiring on 24.05.2091	29.10.1991	11,777
Lot 824, Kawasan Bandar VI, 75200 Melaka	Land and development costs	-	3.866 hectares	Leasehold expiring on 17.11.2095	31.01.2008	9,436
Lot 3, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	1 building - 18 years 2 buildings - 15 years 1 building - 13 years 1 building - 11 years 1 building - 10 years 1 building - 6 years	2.062 hectares	Leasehold expiring on 24.05.2091	03.07.1995	9,189
GM 28, Lot 271 & 275, Mukim of Bertam, 75250 Melaka	Land and development costs	-	102,874 sq ft	Freehold	30.09.2002	2,807
PT 2598, Mukim of Bukit Baru, 75450 Melaka	Factory cum office building	17 years	89,814 sq ft	Leasehold expiring on 11.05.2094	24.05.2004	2,198
11/A2 Kondominium Siantan Puri, Kg Lapan, 75200 Melaka	1 unit 4 bedroom condominium	9 years	1,550 sq ft	Leasehold expiring on 24.08.2099	07.09.2001	163
						35,570

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Form Of Proxy

CDS account no. of authorised nominee	

I/We………
(FULL NAME IN BLOCK LETTERS)

IC No./ID No./Company No.…………………………………………………………………………………
(NEW & OLD IC No.)

of ……
(FULL ADDRESS)

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

……
(FULL NAME IN BLOCK LETTERS)

IC No./ID No.…………………………………………………………………………………………………
(NEW & OLD IC No.)

of ……or
(FULL ADDRESS)

failing whom……………………………………………………………………………………………………
(FULL NAME IN BLOCK LETTERS)

IC No./ID No.…………………………………………………………………………………………………
(NEW & OLD 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 Eighth Annual General Meeting of the Company, to be held at Bunga Melati Room, Level 7, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Tuesday, 21 June 2011 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 - Datuk Wong Soon Lim	Resolution 3		
4. Re-election of Director under Article 103 - Mr. Chee Ho Chun	Resolution 4		
5. Re-election of Director under Article 94 - Mr. Heng Fu Joe	Resolution 5		
6. Re-election of Director under Article 94 - Mr. Low Geoff Jin Wei	Resolution 6		
7. Re-appointment of Messrs Deloitte KassimChan as Auditors	Resolution 7		
SPECIAL BUSINESS		FOR	AGAINST
8. Authority for Directors to allot shares pursuant to Section 132D of the Companies Act, 1965	Resolution 8		
9. Proposed renewal of share buy-back authority	Resolution 9		

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

Signature/Common Seal

Number of shares held: ____________
Contact No. : ____________
Date: ____________

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

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

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

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AFFIX STAMP

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

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

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