DAIBOCHI

annual report 2011

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

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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty Ninth Annual General Meeting of the Company will be held at Bunga Melati Room, Level 7, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Monday, 11 June 2012 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 2011 together with the Reports of the Directors and Auditors thereon. (Resolution 1)

2. To approve Directors' fees for the year ended 31 December 2011 amounting to RM96,000 (2010: RM85,500). (Resolution 2)

3. To re-elect Mr. P. James Edwin A/L Louis Pushparatnam who is retiring under Article 103 of the Company's Articles of Association. (Resolution 3)

4. To re-elect Mr. Lim Soo Koon who is retiring under Article 103 of the Company's Articles of Association. (Resolution 4)

5. To appoint Messrs SJ Grant Thornton (Audit Firm No. AF0737) in place of retiring Auditors, Messrs Deloitte KassimChan for which Notice of Nomination as annexed hereto in the Annual Report has been received and to authorise the Directors to fix their remuneration. (Resolution 5)

   [In the event Ordinary Resolution 5 is not voted in favour then Ordinary Resolution 6 would be put forward for vote] (Please refer to note 8).

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

AS SPECIAL BUSINESS:

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

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

   "THAT, subject to the provisions of Section 132D of the Companies Act, 1965, and the approval of the relevant authorities, the Directors be and 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 7)

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

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

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

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

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

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

whichever occurs first;

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

AND THAT, the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the aforesaid share buy-back with full powers to assent to any conditions, modifications, variations and/or amendments, as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company." (Resolution 8)

8. **Special Resolution**
Proposed Amendments to the Company's Articles of Association

"THAT, the proposed amendments to the existing Articles of Association of the Company as set out under Part B, Appendix I of the Circular to Shareholders dated 18 May 2012 be and are hereby approved and adopted.

AND THAT, the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments, as may be required or imposed by the relevant authorities and to do all such acts and things and to take all such steps as may be considered necessary to give full effect to the Proposed Amendments to the Articles of Association of the Company." (Resolution 9)

9. 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: 18 May 2012

NOTES:

1. For the purpose of determining a member who shall be entitled to attend this 39th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 67(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 1 June 2012. Only a depositor whose name appears on the Record of Depositors as at 1 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

2. A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

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

4. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing. If the appointor 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.

7. 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.

8. The Company intends to appoint only one auditor. The Nomination of new Auditors, Messrs SJ Grant Thornton was duly recommended by the Audit Committee and approved by the Board. Therefore, unless the proposed Resolution 5 is not voted in favour then the proposed Resolution 6 will be put forward for vote.

EXPLANATORY NOTES ON SPECIAL BUSINESS

(i) Resolution 7

The proposed Resolution 7, 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 21 June 2011 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 7, 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 8

Please refer to Part A, Statement to Shareholders dated 18 May 2012 for further information.

(iii) Resolution 9

The proposed Resolution 9 is to bring the Company's Articles of Association in line with the recent changes to the Listing Requirements of Bursa Securities and for administrative purpose.

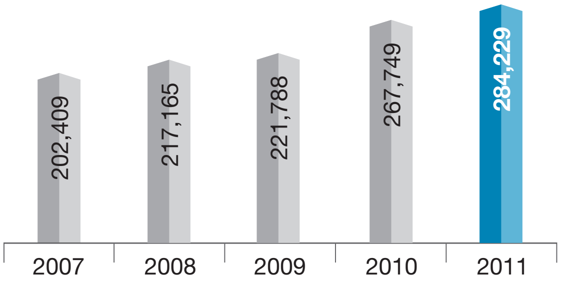
STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Directors who are seeking re-election at the Thirty Ninth Annual General Meeting of the Company are Mr. P. James Edwin A/L Louis Pushparatnam and Mr. Lim Soo Koon.

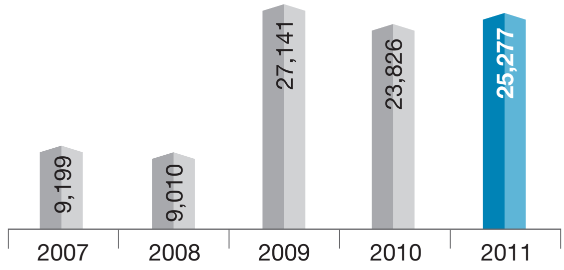
The profiles of the above Directors are set out in the section entitled “Profile of Directors” on page 7. Their securities holdings information are set out in the section entitled “Directors' Shareholdings” on page 91.

Financial Highlights

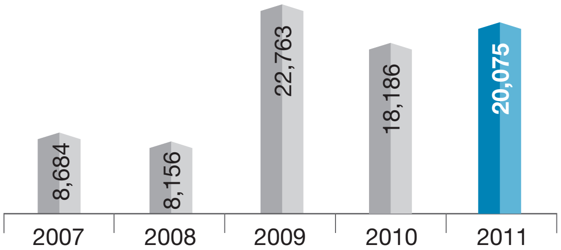
Turnover (RM'000)



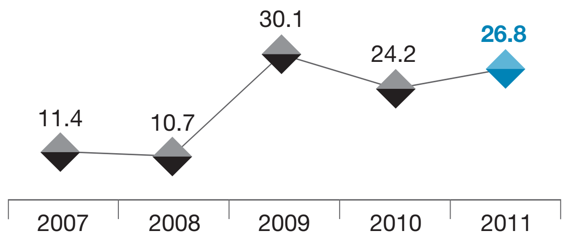
Profit Before Tax (RM'000)



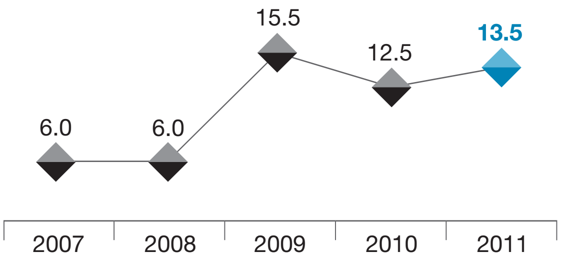
Net Profit (RM'000)



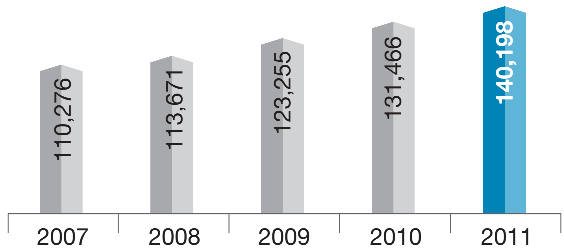
Earnings Per Share (Sen)



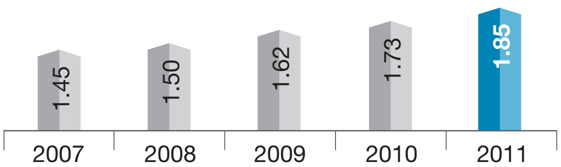
Gross Dividend Per Share (Sen)



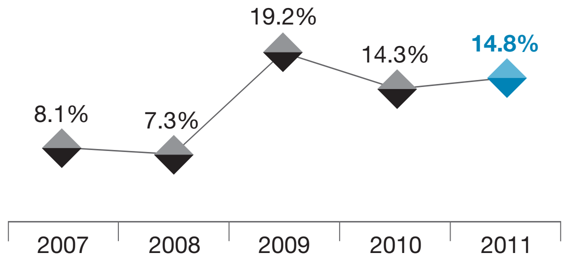
Shareholders' Equity (RM'000)



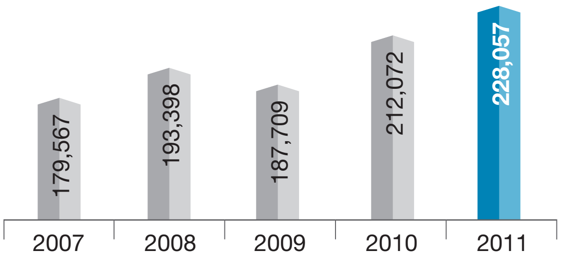
Net Tangible Assets Per Share (RM)



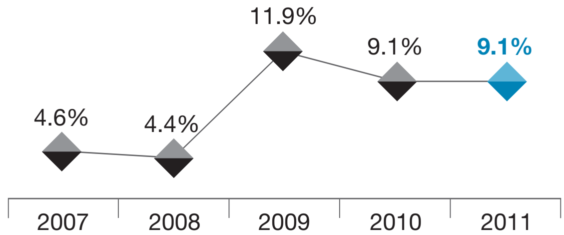
Return on Average Equity



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

Y.Bhg. Datuk Wong Soon Lim
Executive Director

Low Chan Tian
Executive Director

Low Geoff Jin Wei
Executive Director

Heng Fu Joe
Independent Non-Executive Director

Datuk Husein bin Tamby Chik (resigned on 30 April 2012)
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
ISO 14001:2004
EN ISO 14001:2004
BS EN ISO 14001:2004
MS ISO 14001:2004
HACCP Principles of Codex Alimentarius
HALAL MS 1500:2004

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

Profile Of Directors

P. James Edwin A/L Louis Pushparatnam, Malaysian, aged 56 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.

Mr. James 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. He has not been convicted of any offence in the past ten (10) years.

Mr. James has attended all the six (6) Board of Directors' meetings held during the financial year ended 31 December 2011.

Lim Soo Koon, Malaysian, aged 50 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 range of experience in management, finance, marketing and business development.

Mr. Lim has no family relationship with any Directors/substantial shareholders of Daibochi and has not been convicted of any offence in the past ten (10) years.

He attended all the six (6) Board of Directors' meetings held during the financial year ended 31 December 2011.

Y. Bhg. Datuk Wong Soon Lim, Malaysian, aged 58 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 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 the aforesaid transaction, he has no conflict of interest with the Group. In the past ten (10) years, he has not been convicted of any offence.

He attended five (5) out of the six (6) Board of Directors' meetings held during the financial year ended 31 December 2011.

Low Chan Tian, Malaysian, aged 56 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 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. He has not been convicted of any offence in the past ten (10) years.

He attended five (5) out of the six (6) Board of Directors' meetings held during the financial year ended 31 December 2011.

Low Geoff Jin Wei, Australian, aged 29 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. Save for these aforesaid transactions, he has no conflict of interest with the Group. He has not been convicted of any offence in the past ten (10) years.

He attended five (5) out of the six (6) Board of Directors' meetings held during the financial year ended 31 December 2011.

Heng Fu Joe, Malaysian, aged 31 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 and Nomination 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 Executive Director 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 offence.

He attended five (5) out of the six (6) Board of Directors' meetings held during the financial year ended 31 December 2011.

Corporate Governance Statement

The Board of Directors of Daibochi Plastic and Packaging Industry Bhd (“the Board”) fully appreciates the importance of adopting high standards of corporate governance within the Group to enhance its business efficacy and corporate accountability with the objective of realizing long-term shareholders' and stakeholders' value.

Towards achieving this, the Board is committed to ensure that the principles and best practices on Corporate Governance expounded in the Malaysian Code on Corporate Governance (“the Code”) and the requirements in Bursa Malaysia Securities Berhad's (“Bursa Securities”) Main Market Listing Requirements (“Bursa Securities' Listing Requirements”) are observed and practiced throughout the Group.

The Board is pleased to report that it had continued to practice good Corporate Governance during the financial year ended 31 December 2011 by supporting and implementing cohesive measures to ensure compliance with the principles and best practices set out in Part 1 and Part 2 of the Code and Bursa Securities' Listing Requirements.

The Board of Directors

The Company is headed by an experienced and well balanced Board comprising competent professionals and entrepreneurs with diverse skills from a wide range of business, financial, engineering, legal and property development backgrounds that add value to the Group. 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 constantly 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 entrusted with specific tasks 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 the appropriateness of its size on an annual basis. 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 Bursa Securities Listing Requirements 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 interests 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 and he can be contacted via his email address at jamesedwin@daibochiplastic.com.

Directors' Training

All members of the Board (except Datuk Husein bin Tamby Chik who was newly appointed on 1 March 2012) 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 abreast on the various issues facing the changing business environment, regulatory and corporate governance developments to enhance their professionalism, skills and knowledge to effectively discharge their duties and obligations.

For the year under review, the Directors attended courses on corporate governance and regulatory updates, strategic planning, due diligence and transfer pricing.

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

The Board held six (6) board meetings during the financial year. 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 the 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 ensure that they are fully apprised of matters arising to enable them 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 ensures 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 Bursa Securities 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)
Heng Fu Joe (appointed on 18 February 2012)
Chee Ho Chun (resigned on 1 March 2012)

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

Re-election of Directors

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

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

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

Directors' remuneration

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

The details of the remuneration of Directors of the Company from the Group for the year ended 31 December 2011 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	-	2,585	30	2,615
Non-Executive Directors	96	150	6	252

Range of remuneration	Executive Directors	Non-Executive Directors
Up to RM50,000	-	2
RM150,001- RM200,000	-	1
RM350,001 - RM400,000	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. The members of the Remuneration Committee which comprise mainly of Independent Non-Executive Directors are as follows :

P. James Edwin A/L Louis Pushparatnam (Chairman)
Lim Soo Koon
Chee Ho Chun (resigned on 1 March 2012)
Heng Fu Joe (appointed on 31 March 2012)

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 21 to 23 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 19 to 20.

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 21 to 23 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 Annual General Meeting ("AGM"). The AGM remains the principal forum for dialogue with shareholders where it provides an opportunity for the shareholders to seek clarifications on the Group's operations. The Chairman and members of the Board will undertake to provide the shareholder with a written answer to any significant question that cannot be readily answered. The external auditors will also be present to provide their professional and independent clarification on issues and concerns raised by the shareholders, if any.

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

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

Statement of Directors' responsibility for preparing the financial statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the Financial Reporting 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 Financial Reporting 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 31 March 2012.

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 1,752,600 of its own shares from the open market of Bursa Securities for a total consideration of RM4,517,174. 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 2011	Number of shares bought back	Lowest price paid (RM)	Highest price paid (RM)	Total cost* (RM)	Average price paid (RM)
January	303,100	2.39	2.59	758,311	2.502
February	10,000	2.50	2.50	25,183	2.518
March	182,900	2.38	2.57	450,258	2.462
April	64,100	2.51	2.60	165,156	2.577
May	118,800	2.58	2.74	319,567	2.690
June	237,800	2.50	2.63	619,831	2.607
July	96,000	2.59	2.70	255,938	2.666
August	290,600	2.54	2.81	777,573	2.676
September	236,300	2.44	2.60	595,880	2.522
October	88,600	2.42	2.58	219,607	2.479
November	30,800	2.59	2.69	81,665	2.651
December	93,600	2.59	2.67	248,205	2.652
Total	**1,752,600**	**2.38**	**2.81**	**4,517,174**	**2.577**

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

Monthly breakdown 2011	Number of shares	Resale price per share		Total consideration received* (RM)	Average price (RM)
		Lowest (RM)	Highest (RM)		
June	1,100,000	2.604	2.604	2,854,638	2.595
Total	**1,100,000**	**2.604**	**2.604**	**2,854,638**	**2.595**

* *inclusive of transaction costs*

During the financial year, all the shares purchased by the Company were retained as treasury shares. 1,100,000 treasury shares were resold during the financial year. As at 31 December 2011, a total of 1,275,700 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 RM73,700.00.

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.

Corporate Social Responsibility

As a responsible corporate citizen, the Group is mindful of our corporate social responsibility (“CSR”) towards key stakeholders when carrying out our business activities. Our CSR activities focus on 3 core areas: Employee Welfare, Community Welfare and Environmental Awareness.

In this regard, the Group provides personal development opportunities and continuously promotes awareness among employees on health-related issues, occupational hazards and safety in the work place. The Group also upholds the interests of the society by participating in community related programmes and engaging in environmental conservation activities.

The key CSR initiatives undertaken in 2011 are as follows:

Employee Welfare

Recognising that employees are our most valuable asset and critical to the success and growth of the Company, the Group continues to encourage their personal development by rewarding their achievements, enhancing their career advancement, harnessing their capabilities and caring for their well-being. Employees are provided with constant training and are encouraged to attend training programmes to realise their potential and improve their skills to meet the changing needs of the industry.

The Group provides a healthy and safe working environment for all its employees, including the provision of medical and healthcare insurance for employees and their families commensurate with their rank and level of employment.

The Company's Occupational Safety and Health policies have been actively and effectively implemented to advocate key values of occupational safety and health to all employees. Training, counselling and accident-prevention programmes are regularly held to ensure a high level of awareness of safety requirements for the respective employees. Protective gear has been issued to all concerned workers, while preventive action such as fire evacuation drill is carried out annually in collaboration with the local fire department.

The Company also organized a “Safe at Work and Save the Earth 2011” campaign which included health talks to encourage employees to lead a healthy and well-balanced lifestyle.

Additionally, the Company financially supports sports and recreational activities organized by the in-house sports club to build a healthy workforce. Social and recreational activities such as team building, annual dinner and various sports and games are organized to encourage physical wellbeing, inculcate good working relationships, foster greater employee interaction and cultivate a strong team spirit among the employees.

Community Welfare

As a caring corporate citizen, the Company strives to make a positive impact on the community by encouraging and supporting employees' participation in various community activities.

During the year the Company organised a blood donation campaign with the Blood Bank of the Melaka General Hospital.

The Group continues to collaborate with a non-profit organization in respect of an assembly project to provide the poor and marginalized community in Melaka with supplementary work and income.

Furthermore, each year, the Company recruits students from colleges, technical schools and universities for its internship programme for industrial and practical training in the Group's operations. Students are provided with comprehensive training to equip them with the necessary skills needed. 31 trainees were attached to the Company for their industrial training during the financial year.

Environmental Awareness

The Group recognizes the importance of conserving the environment. The Company has developed and implemented measures to ensure compliance with existing environmental laws and regulations. To this end, the company has established an “Environment Care Policy” to ensure that materials and energy resources are used efficiently to minimise waste.

Production processes are constantly reviewed and upgraded whilst products are improved to meet changing legal requirements. During the year, the Group was not penalised for any instance of non-compliance with environmental laws and regulations.

Employees regularly participate in recycling activities through our “Green Day” campaign every Monday and Thursday, where they are encouraged to bring segregated waste of plastic, paper, tin or used clothing from their respective homes to be sent to the Tzu Chi recycle centre. In addition to this, polystyrene packaging of food is banned in the Company premises and all employees have been issued with recyclable plastic food containers. Employees are encouraged to practise the 5 R's - 'Refuse, Reuse, Reduce, Repair and Recycle' in their daily activities for purposes of establishing a socially responsible workforce.

The Company has engaged the services of licensed contractors for scheduled waste disposal in compliance with the relevant regulations as part of its waste management programme. Certain discarded raw materials are recycled to reduce waste, while non-reusable waste materials are sold to waste collectors. The Company provides facilities e.g. bins where cardboards, paper, aluminium cans and other discarded materials are collected for recycling purposes.

The Company will continue its efforts to ensure its obligations as a socially responsible corporate citizen.

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 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 21 to 23.

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 and ISO 14001:2004 in 2011. 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 commissioned by the Audit Committee to monitor 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.

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 2012.

Audit Committee Report

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2011.

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 2011 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
Chee Ho Chun (resigned on 1 March 2012)	Non-Executive Director	Yes	Attended five (5) out of five (5) meetings
Heng Fu Joe	Non-Executive Director	Yes	Attended four (4) out of five (5) meetings

In accordance with the Bursa Securities Listing Requirements, all the members of the Committee must be non-executive Directors, with a majority of the members being Independent Directors and at least one member of the Committee must be a member of the Malaysian Institute of Accountants.

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

1. TERMS OF REFERENCE

Frequency of meetings

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

Reporting to the Board

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

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.

Functions and 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 Financial Reporting 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, including customer satisfaction, product and service quality, market share, market reaction, environmental issues and such other items, when dealing with any item on the Audit Committee agenda;
- To consider the appointment of external auditors, fix their remuneration and any changes thereto;
- To discuss with the external auditors their audit plan and ensure co-ordination where more than one audit firm is involved;
- To discuss problems and reservations arising from the external audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- To review the external auditors' management letter and management's response;
- To review with the external auditors their review of the system of evaluation of internal controls;
- To review with the external auditors their audit report;
- To meet with the external auditors, without executive Board members present at least once 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 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 twice with the external auditors without executive Board members present.

3. INTERNAL AUDIT FUNCTION

The Group set up an Internal Audit Function in 1995. 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, 2011, the cost incurred in maintaining the outsourced internal audit function amounted to RM60,000.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of Daibochi Plastic and Packaging Industry Berhad ("Daibochi"), 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 2011 ("FY2011").

Amidst the uncertainty in the global economy brought on by the Eurozone crisis, the Malaysian economy grew at a slower pace in the year under review, with Gross Domestic Product ("GDP") expanding by 5.1% in 2011, compared to the 7.2% growth noted in 2010.

As in the previous financial year, the flexible packaging sector continued to witness steep uptrends in prices of raw materials, namely polyester and polypropylene resins. This coupled with the dampened economic sentiment caused global flexible packaging manufacturers to face a demanding operational landscape in FY2011.

Operations Highlights

Notwithstanding the bleak economic outlook, Daibochi continued to retain our customer base comprising leading players and multinational corporations ("MNCs") in the Food and Beverage ("F&B"), Fast Moving Consumer Goods ("FMCG") and specialty sectors. In fact, the Group saw stronger sales orders in the year - a testament to the resilience of our clientele, as well as our capability to fulfil their stringent requirements.

The unabated demand for flexible packaging necessitated Daibochi's capacity expansion initiatives. To this end, the Group invested approximately RM19.8 million in FY2011 to expand our production facilities as well as purchase key machinery, such as a printing machine and metallizer.

At the same time, the Group continued its Research and Development ("R&D") efforts in the year, to enable us to innovate new products and maintain our competitive advantage in an increasingly competitive environment. To this end, Daibochi refurbished and upgraded our Innovation and Test Centre (research laboratory) with facilities designed to develop innovative and quality products to meet the ever-changing needs and expectations of customers.

Financial Overview

I am pleased to note that Daibochi presented a commendable financial report card in the year under review, with Group revenue continuing its steady top line growth to reach RM284.2 million from RM267.7 million previously.

The packaging segment remained the Group's major revenue contributor, registering a 9.4% jump in sales to RM267.9 million in FY2011 from RM244.9 million previously on the back of higher sales orders.

At the same time, the Group's property segment recognized RM16.3 million sales in FY2011, versus RM22.8 million previously, due to the recognition of the lower percentage of completion in the year. This subdued performance is aligned to the Group's intention to focus almost exclusively on the packaging business in the near future.

Despite the raw material price fluctuations witnessed in FY2011, the Group's favourable sales mix enabled us to record a higher profit before tax of RM25.3 million, versus RM23.8 million previously. Group net profit attributable to shareholders also increased by 10.4% to RM20.1 million from RM18.2 million in FY2010.

Indeed, the Group's five-year growth track record remains impressive, with Group revenue recording compounded annual growth rate (“CAGR”) of 6.2%, and Group net profit accelerating rapidly with CAGR of nearly 30%.

The Group maintained a healthy balance sheet, with shareholders' equity of RM140.1 million as at end-2011 compared to RM131.5 million in the previous corresponding period.

While total borrowings rose to RM35.5 million from RM29.5 million previously to finance our capacity expansion plans, the Group maintained a low net gearing ratio of 0.18 times as at end-2011, similar to the results posted at end-2010.

Dividend

The Group's remarkable financial performance in the year allowed us to uphold our dividend policy of distributing no less than 50% of Group net profit to shareholders.

Therefore, the Board has declared and paid four interim dividends in respect of FY2011, consisting of 3.0 sen, 3.5 sen, 3.0 sen and 4.0 sen in the first, second, third and fourth quarters respectively.

In total, Daibochi has paid 13.5 sen per share or RM10.1 million as dividends, translating to 50.3% of FY2011 Group net profit, our way of saying thanks for the unwavering support of our shareholders.

Industry Outlook & Growth Prospects

The flexible packaging sector is widely anticipated to expand further, what with modern consumers' increasingly mobile lifestyles and demand for convenience.

A recent study conducted by Pira International indicated that the global flexible packaging industry was worth about USD 58.3 billion in 2011, and would further develop to be valued at USD 71.3 billion in 2016. Moreover, the same study identified the Asian region as the largest contributor and fastest growing market in the world in the near future.

As a leading flexible packaging provider with a longstanding track record, proven innovation and established clientele, we believe that Daibochi is poised to capture these exciting opportunities in Malaysia and the region.

Going forward, the Group intends to leverage on our expertise to serve even more customers in our “traditional” markets of F&B and FMCG clients. Consequently, we aim to secure new MNC customers to further reinforce our profile in the regional arena.

Additionally, the Group shall continue to undertake the necessary measures to diversify our clientele into new non-F&B sectors.

I am heartened that to date, the Group has charted significant progress in testing and certifying our flexible packaging with medical glove producers locally and electronics manufacturers abroad. We believe that this development phase is a crucial period for the Group to take the next leap in enhancing the value add for our customers and our shareholders.

Finally, the Group intends to enhance our production facilities and capabilities, to correspond with the anticipated customer expansion going forward. Our strong financial position enables us to invest the required capital expenditure to enhance our financial performance in the long term.

Ultimately, these strategies are aimed at enabling Daibochi to have a stronger foothold in the flexible packaging industry. We are optimistic of the Group's performance in FY2012.

Appreciation

Do allow me to extend my appreciation to the Board of Directors, management and staff for their efforts and diligence in helping the Group achieve another milestone in FY2011.

At this juncture, we take this opportunity to thank Mr. Chee Ho Chun for his contributions to the Board during his tenure as Independent Non-Executive Director. Mr. Chee resigned from the Board on 1 March 2012 due to work commitments, and we wish him every success in his endeavours.

At the same time, we would like to welcome Datuk Husein bin Tamby Chik who was appointed to the Board as Independent Non-Executive Director on 1 March 2012.

Finally, our sincere gratitude goes out to our valued customers, suppliers, business associates, Government authorities and investors for their continuous support to the Group. We look forward to another successful year in partnership with you.

P. JAMES EDWIN A/L LOUIS PUSHPARATNAM
CHAIRMAN

31 March 2012

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 financial year ended December 31, 2011.

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	25,277	20,005
Income tax expense	(4,521)	(3,059)
Profit for the year	20,756	16,946
Other comprehensive income for the year, net of tax	105	-
Total comprehensive income for the year	20,861	16,946
Profit attributable to:		
Owners of the Company	20,075	
Non-controlling interests	681	
	20,756	
Total comprehensive income attributable to:		
Owners of the Company	20,128	
Non-controlling interests	733	
	20,861	

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 fourth interim dividend of 3.5%, tax exempt, amounting to RM2,622,033, in respect of the financial year ended December 31, 2010 on March 30, 2011;

(ii) a first interim dividend of 3.0%, tax exempt, amounting to RM2,239,122 in respect of the financial year ended December 31, 2011 on June 10, 2011;

(iii) a second interim dividend of 3.5%, tax exempt, amounting to RM2,630,223 in respect of the financial year ended December 31, 2011 on September 14, 2011; and

(iv) a third interim dividend of 3.0%, tax exempt, amounting to RM2,242,335 in respect of the financial year ended December 31, 2011 on December 8, 2011.

On February 18, 2012, the directors declared a fourth interim dividend of 4.0%, tax exempt, amounting to RM2,991,856 in respect of the financial year ended December 31, 2011 which was paid on March 23, 2012. The said dividend has not been included as a liability in the financial statements as of December 31, 2011.

The directors do not recommend the payment of any final dividend in respect of the financial year ended December 31, 2011.

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 repurchased 1,752,600 of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of the shares was RM4,517,174 including transaction costs and has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares was RM2.58. The Company had also disposed of 1,100,000 treasury shares valued at RM2.60 for a total net consideration of RM2,854,638 in the open market, resulting in a surplus of RM1,523 which has been credited to the share premium account as disclosed in Note 23 to the Financial Statements.

As of December 31, 2011, the Company held as treasury shares a total of 1,275,700 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 RM3,332,963 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
Heng Fu Joe
Low Geoff Jin Wei
Datuk Husein Bin Tamby Chik (appointed on March 1, 2012)
Chee Ho Chun (resigned on March 1, 2012)

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

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

DIRECTORS' INTERESTS

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

	No. of ordinary shares of RM1 each			
	Balance at 1.1.2011	Bought	Sold	Balance at 31.12.2011
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	73,000	-	4,779,440
Low Geoff Jin Wei	2,122,680	605,000	-	2,727,680
Chee Ho Chun	122,000	9,000	-	131,000
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 had 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, 2012

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, 2011 and of the financial performance and the cash flows of the Group and of the Company for the financial 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, 2012

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, 2012.

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, 2011 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 35 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 is 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. 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, 2011 and of their financial performance and cash flows for the financial 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.

Other Matters

This report is made solely to the members of the Company, 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.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

KAMARUL BAHARIN BIN TENGKU ZAINAL ABIDIN
Partner - 2903/11/13(J)
Chartered Accountant

March 31, 2012

Statements Of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2011

	Note	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
Revenue	5	**284,229**	267,749	**261,875**	241,868
Cost of sales	6	**(243,246)**	(229,238)	**(230,753)**	(210,776)
Gross profit		**40,983**	38,511	**31,122**	31,092
Other operating income		**2,483**	1,911	**2,633**	2,281
Selling and distribution costs		**(7,678)**	(7,217)	**(6,996)**	(6,781)
Administrative expenses		**(9,221)**	(8,642)	**(5,633)**	(5,239)
Finance costs	7	**(1,218)**	(909)	**(1,121)**	(839)
Share of results of associated company		**(72)**	172	**-**	-
Profit before tax	9	**25,277**	23,826	**20,005**	20,514
Income tax expense	10	**(4,521)**	(5,118)	**(3,059)**	(4,151)
Profit for the year		**20,756**	18,708	**16,946**	16,363
Other comprehensive income, net of income tax:					
Exchange differences on translating foreign operation		**105**	150	**-**	-
Total comprehensive income for the year		**20,861**	18,858	**16,946**	16,363
Profit attributable to:					
Owners of the Company		**20,075**	18,186		
Non-controlling interests		**681**	522		
		20,756	18,708		
Total comprehensive income attributable to:					
Owners of the Company		**20,128**	18,263		
Non-controlling interests		**733**	595		
		20,861	18,858		
Earnings per ordinary share attributable to owners of the Company - basic (sen)	11	**26.78**	24.17		

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

Statements Of Financial Position

AS OF DECEMBER 31, 2011

	Note	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	75,313	63,400	75,110	63,169
Land held for development	13	7,900	2,807	-	-
Investment in subsidiary companies	14	-	-	2,000	2,000
Investment in associated company	15	23,005	23,077	-	-
Deferred tax assets	16	42	69	-	-
		106,260	89,353	77,110	65,169
Current assets					
Inventories	17	44,912	48,586	36,232	39,420
Property development costs	18	-	9,436	-	-
Trade and other receivables	19	65,873	58,393	52,506	42,522
Tax recoverable		602	-	580	-
Amount receivable from subsidiary companies	20	-	-	38,468	47,377
Short-term deposits, cash and bank balances	21	10,410	6,304	7,522	4,078
		121,797	122,719	135,308	133,397
Total Assets		228,057	212,072	212,418	198,566

	Note	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	22	**75,902**	75,902	**75,902**	75,902
Treasury shares	22	**(3,333)**	(1,669)	**(3,333)**	(1,669)
Reserves	23	**67,629**	57,233	**57,820**	50,606
Equity attributable to owners of the Company		**140,198**	131,466	**130,389**	124,839
Non-controlling interests		**2,190**	1,654	**-**	-
Total Equity		**142,388**	133,120	**130,389**	124,839
Non-current liabilities					
Long-term loans	24	**7,632**	2,979	**7,632**	2,979
Hire-purchase payables	25	**762**	700	**762**	700
Deferred tax liabilities	16	**6,847**	6,018	**7,473**	6,629
		15,241	9,697	**15,867**	10,308
Current liabilities					
Trade and other payables	26	**42,654**	41,449	**39,866**	36,743
Amount payable to a subsidiary company	20	**-**	-	**394**	394
Long-term loans	24	**4,182**	2,299	**4,182**	2,299
Hire-purchase payables	25	**271**	264	**271**	264
Derivative financial liabilities	27	**196**	132	**196**	132
Short-term borrowings	28	**22,694**	23,290	**21,253**	22,162
Current tax liabilities		**431**	1,821	**-**	1,425
		70,428	69,255	**66,162**	63,419
Total Liabilities		**85,669**	78,952	**82,029**	73,727
Total Equity and Liabilities		**228,057**	212,072	**212,418**	198,566

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

Statements Of Changes In Equity

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2011

The Group	Note	Attributable to Owners of the Company Issued capital RM'000	Treasury shares RM'000	Non-distributable reserves - Share premium RM'000	Non-distributable reserves - Translation reserve RM'000	Distributable reserve - Retained earnings RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity 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 non-controlling shareholders		-	-	-	-	-	-	(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
Balance as of January 1, 2011		**75,902**	**(1,669)**	**2,356**	**180**	**54,697**	**131,466**	**1,654**	**133,120**
Profit for the year		**-**	**-**	**-**	**-**	**20,075**	**20,075**	**681**	**20,756**
Other comprehensive income for the year, net of income tax		**-**	**-**	**-**	**53**	**-**	**53**	**52**	**105**
Total comprehensive income for the year		**-**	**-**	**-**	**53**	**20,075**	**20,128**	**733**	**20,861**
Dividends paid to owners of the Company	29	**-**	**-**	**-**	**-**	**(9,734)**	**(9,734)**	**-**	**(9,734)**
Dividends paid to non-controlling shareholders		**-**	**-**	**-**	**-**	**-**	**-**	**(197)**	**(197)**
Share buy-back	22	**-**	**(4,517)**	**-**	**-**	**-**	**(4,517)**	**-**	**(4,517)**
Disposal of treasury shares	22, 23	**-**	**2,853**	**2**	**-**	**-**	**2,855**	**-**	**2,855**
Balance as of December 31, 2011		**75,902**	**(3,333)**	**2,358**	**233**	**65,038**	**140,198**	**2,190**	**142,388**

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, 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
Balance as of January 1, 2011		**75,902**	**(1,669)**	**2,356**	**48,250**	**124,839**
Profit for the year/Total comprehensive income for the year		**-**	**-**	**-**	**16,946**	**16,946**
Payment of dividends	29	**-**	**-**	**-**	**(9,734)**	**(9,734)**
Share buy-back	22	**-**	**(4,517)**	**-**	**-**	**(4,517)**
Disposal of treasury shares	22, 23	**-**	**2,853**	**2**	**-**	**2,855**
Balance as of December 31, 2011		**75,902**	**(3,333)**	**2,358**	**55,462**	**130,389**

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

Statements Of Cash Flows

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2011

		The Group		The Company	
		2011	2010	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Cash receipts from customers and other receivables		282,516	257,834	253,289	235,776
Cash paid to suppliers, employees and other payables		(245,609)	(238,432)	(228,475)	(221,420)
Cash generated from operations	34	36,907	19,402	24,814	14,356
Interest paid		(840)	(779)	(741)	(667)
Tax paid		(5,672)	(5,421)	(4,220)	(4,150)
Net Cash From Operating Activities		30,395	13,202	19,853	9,539
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Other interest received		79	73	38	39
Interest received from subsidiary company		-	-	-	10
Dividend income from subsidiary company		-	-	204	371
Investment in subsidiary company		-	-	-	(500)
Purchase of property, plant and equipment (Note)		(20,340)	(10,253)	(20,327)	(10,170)
Advances to subsidiary companies		-	-	-	(7)
Proceeds from disposal of property, plant and equipment		342	206	342	206
Net Cash Used In Investing Activities		(19,919)	(9,974)	(19,743)	(10,051)

	Note	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Share buy-back		**(4,517)**	(3,171)	**(4,517)**	(3,171)
Proceeds from disposal of treasury shares		**2,855**	4,758	**2,855**	4,758
Proceeds from long-term loans drawn down		**9,905**	4,599	**9,905**	4,599
Repayment of long-term loans		**(3,368)**	(4,960)	**(3,368)**	(1,745)
Dividends paid to owners of the Company		**(9,734)**	(11,639)	**(9,734)**	(11,639)
Dividends paid to non-controlling shareholders		**(197)**	(385)	**-**	-
Interest paid		**(380)**	(344)	**(380)**	(171)
Proceeds from short-term borrowings (net)		**138**	7,060	**138**	7,060
Advances from a subsidiary company		**-**	-	**9,795**	460
Repayment of hire-purchase		**(314)**	(310)	**(314)**	(310)
Net Cash (Used In)/From Financing Activities		**(5,612)**	(4,392)	**4,380**	(159)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**4,864**	(1,164)	**4,490**	(671)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**3,376**	4,558	**2,278**	2,949
Effect of exchange differences		**(25)**	(18)	**-**	-
		3,351	4,540	**2,278**	2,949
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	**8,215**	3,376	**6,768**	2,278

Note:
During the financial year, the Group's and the Company's additions to property, plant and equipment amounted to RM20,723,000 (2010: RM11,177,000) and RM20,710,000 (2010: RM11,094,000) respectively of which RM383,000 (2010: RM924,000) was financed through hire-purchase arrangements. The balance of RM20,340,000 (2010: RM10,253,000) and RM20,327,000 (2010: RM10,170,000) 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, 2012 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 Revised FRSs and Amendments to FRSs

In the current financial year, the Group and the Company adopted the following 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, 2011:

Revised FRSs and Amendments to FRSs

FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
Amendments to FRS 7	Financial Instruments: Disclosures: Amendments relating to improving disclosures about financial instruments
Amendments to FRS 7	Financial Instruments: Disclosures *
Amendments to FRS 101	Presentation of Financial Statements *
Amendments to FRS 121	The Effect of Changes in Foreign Exchange Rates *
Amendments to FRS 128	Investments in Associates *
Amendments to FRS 132	Financial Instruments: Presentation *
Amendments to FRS 134	Interim Financial Reporting *
Amendments to FRS 139	Financial Instruments: Recognition and Measurement *

* Amendments arising from Improvements to FRSs (2010)

The adoption of these 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.

Malaysian Financial Reporting Standards ("MFRSs")

In addition, on November 19, 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework, in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on January 1, 2012.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after January 1, 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and/or IC Interpretation 15 Agreements for the Construction of Real Estate ("IC Int. 15"), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after January 1, 2013.

A subsidiary and an associate of the Group fall within the scope of definition of Transitioning Entities and have opted to defer the adoption of the new MFRS Framework. As a result, the Group and the Company has opted to defer the adoption of the new MFRS framework and accordingly, the Group and the Company will be required to prepare its financial statements using the MFRS Framework in its first financial statements for the financial year ending December 31, 2013.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's and the Company's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

FRSs, 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 FRSs, revised FRSs, IC Int., amendments to FRSs and IC Int. which were in issue but not yet effective are as listed below:

FRSs, Revised FRSs, IC Int., Amendments to FRSs and IC Int.		Effective for Financial Periods Beginning, On or After
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	January 1, 2013
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	January 1, 2013
FRS 10	Consolidated Financial Statements	January 1, 2013
FRS 11	Joint Arrangements	January 1, 2013
FRS 12	Disclosures of Interests in Other Entities	January 1, 2013

FRSs, Revised FRSs, IC Int., Amendments to FRSs and IC Int.		Effective for Financial Periods Beginning, On or After
FRS 13	Fair Value Measurement	January 1, 2013
FRS 119	Employee Benefits (Revised)	January 1, 2013
FRS 124	Related Party Disclosures (Revised)	January 1, 2012
FRS 127	Separate Financial Statements (Revised)	January 1, 2013
FRS 128	Investments in Associates and Joint Ventures (as amended in November 2011)	January 1, 2013
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	January 1, 2012
Amendments to FRS 7	Disclosures - Transfers of Financial Assets	January 1, 2012
Amendments to FRS 9	Mandatory Effective Date of FRS 9 and Transition Disclosures (IFRS 9 issued by IASB in November 2009 and October 2010)	March 1, 2012
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	January 1, 2013
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income	July 1, 2012
Amendments to FRS 112	Deferred Tax: Recovery of Underlying Assets	January 1, 2012
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	January 1, 2014
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2011
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013
Amendments to IC Int. 14	Prepayments of a Minimum Funding Requirement	July 1, 2011

The directors anticipate that the above FRSs, 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 by reference to the principal outstanding and at the effective interest rate applicable.

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 non-controlling 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 all its subsidiary companies made up to December 31, 2011. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses and unrealised gain and losses resulting from intra-group transactions are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(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 non-financial 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

A subsidiary company is a company where the Group has control through the power to govern the financial and operating policies of the company so as to obtain benefits therefrom. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than one half of the voting rights of the company.

Investment in unquoted shares of subsidiary companies which are eliminated on consolidation are stated at cost in the Company's financial statements. Where there is an indication of impairment in the value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(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 statement of financial position 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 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 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 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 reporting date. Dividends when proposed or declared by the Board of Directors after the reporting 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:

(i) Depreciation and amortisation of property, plant and equipment

The cost of property, plant and equipment is depreciated and amortised on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets to be between two to fifty years, depending on the categories of the property, plant and equipment, as disclosed in Note 3(f). Technological advancements could impact the useful lives and the residual values of these assets, therefore future depreciation and amortisation charges could be revised. The total carrying amount of property, plant and equipment as at the end of reporting period is disclosed in Note 12.

(ii) Property development revenue

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		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Manufacturing and marketing of flexible packaging materials	267,897	244,943	261,629	240,639
Sales of completed property units	1,431	1,229	246	1,229
Property development revenue	14,901	21,577	-	-
	284,229	267,749	261,875	241,868

6. COST OF SALES

	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
Cost of inventories sold	**231,859**	211,337	**230,646**	210,006
Cost of completed property units sold	**822**	770	**107**	770
Property development costs	**10,565**	17,131	**-**	-
	243,246	229,238	**230,753**	210,776

7. FINANCE COSTS

	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
Interest expense on:				
Long-term loans	**325**	308	**325**	135
Bankers acceptances	**541**	447	**541**	447
Bank overdrafts	**161**	169	**64**	61
Hire-purchase	**55**	36	**55**	36
Export credit refinancing	**55**	122	**55**	122
Foreign currency trade financing	**76**	30	**76**	30
Others	**5**	8	**5**	8
	1,218	1,120	**1,121**	839
Less:				
Amount capitalised in property development costs (Note 18)				
Long-term loan	**-**	(173)	**-**	-
Bank overdraft	**-**	(38)	**-**	-
	-	(211)	**-**	-
	1,218	909	**1,121**	839

In 2010, the capitalisation rate on borrowings ranged from 6.05% to 7.30% 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors' remuneration:				
Executive				
Salaries, bonus and other emoluments	2,234	2,121	1,448	1,335
Contributions to defined contribution plan	351	321	244	214
Non executive				
Fees	96	86	96	86
Other emoluments	150	147	150	147
	2,831	2,675	1,938	1,782

The estimated monetary value of benefits-in-kind received by the directors from the Group and the Company during the financial year amounted to RM36,000 (2010: RM34,000).

9. PROFIT BEFORE TAX

Profit before tax is arrived at after crediting/(charging):

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Staff costs (including executive directors' remuneration):				
- Wages, salaries and others	(25,755)	(24,638)	(23,472)	(22,572)
- Contributions to defined contribution plan	(2,192)	(2,164)	(1,973)	(1,958)
Depreciation and amortisation of property, plant and equipment	(8,250)	(7,994)	(8,205)	(7,955)
Foreign exchange gain/(loss):				
- Realised	312	(910)	312	(891)
- Unrealised	(244)	326	(244)	326
Allowance for impairment of trade receivables - net of recoveries	(3)	(102)	(3)	-
Audit fee				
- Current	(134)	(121)	(69)	(63)
- Underprovision in prior year	-	(15)	-	(11)
Property, plant and equipment:				
- Gain on disposal	82	150	82	150
- Written off	(304)	(124)	(304)	(124)
Reversal of allowance/(Allowance) for obsolete inventories - net	1,200	(654)	1,350	(654)
Write-down of inventories	(232)	(249)	(232)	(249)
Rental of premises	(548)	(390)	(243)	(154)
Rental of equipment	(193)	(101)	(187)	(99)
Other interest income	79	73	38	39
Legal fee paid to a firm in which a director was a member for services rendered in a professional capacity	247	-	-	-
Dividend income from subsidiary company	-	-	204	371
Interest income from subsidiary Company	-	-	-	10
Rental income received	-	2	-	2

10. INCOME TAX EXPENSE

	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
Estimated income tax payable:				
Current year				
- Malaysian tax	3,149	5,439	2,232	4,611
- Foreign tax	557	487	-	-
Overprovision in prior years	(41)	(106)	(17)	(104)
	3,665	5,820	2,215	4,507
Deferred tax (Note 16):				
Current year	861	(697)	849	(351)
Overprovision in prior years	(5)	(5)	(5)	(5)
	856	(702)	844	(356)
	4,521	5,118	3,059	4,151

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 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
Profit before tax	25,277	23,826	20,005	20,514
Tax at the statutory income tax rate of 25%	6,319	5,957	5,001	5,128
Tax effects of:				
- different tax rate of subsidiary company operating in other jurisdictions	97	76	-	-
- expenses not deductible in determining taxable profit	177	129	175	123
- utilisation of reinvestment allowances	(2,078)	(887)	(2,078)	(887)
- income not taxable in determining taxable profit	34	(3)	(17)	(104)
Share of associated company's tax	18	(43)	-	-
Overprovision in prior years	(46)	(111)	(22)	(109)
Income tax expense for the year	4,521	5,118	3,059	4,151

During the financial year, the Company claimed reinvestment allowances of approximately RM8,310,000 (2010: RM3,615,000). As of December 31, 2011, the Company has tax exempt income amounting to RM40,876,000 (2010: RM42,095,000), consists of tax exempt income arising from reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act,1967, chargeable income waived in 1999 in accordance with Section 12 of the Income Tax (Amended) Act, 1999, foreign dividend income remitted in accordance with Para 28(1), Schedule 6 of Income Tax Act, 1967, and income derived from pioneer products during pioneer period in accordance with Section 23 of the Promotion of Investment Act, 1986. These tax exempt income, which are subject to agreement of the tax authorities, are distributable as tax exempt dividends up to the same amount.

11. EARNINGS PER ORDINARY SHARE

The basic earnings per ordinary share is calculated by dividing the Group's profit for the year attributable to owners 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	
	2011	**2010**
Profit attributable to owners of the Company (RM'000)	**20,075**	18,186
Weighted average number of ordinary shares in issue ('000)	**74,950**	75,238
Basic earnings per ordinary share (sen)	**26.78**	24.17

12. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost	Land and buildings under long leases RM'000	Plant and machinery RM'000	Printing cylinders RM'000	Motor vehicles RM'000	Equipment, furniture, fixtures and fittings RM'000	Construction-in-progress RM'000	Total RM'000
Balance at January 1, 2010	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/ January 1, 2011	29,504	121,335	2,982	3,710	5,311	1,094	163,936
Additions	**3,139**	**15,647**	**253**	**571**	**1,113**	**-**	**20,723**
Disposals	**(195)**	**(150)**	**-**	**(226)**	**(22)**	**-**	**(593)**
Write-offs	**(51)**	**(2,562)**	**-**	**(138)**	**(29)**	**-**	**(2,780)**
Reclassification	**1,094**	**-**	**-**	**-**	**-**	**(1,094)**	**-**
Currency translation difference	**-**	**2**	**-**	**5**	**3**	**-**	**10**
Balance at December 31, 2011	**33,491**	**134,272**	**3,235**	**3,922**	**6,376**	**-**	**181,296**

The Group

Accumulated Depreciation	Land and buildings under long leases RM'000	Plant and machinery RM'000	Printing cylinders RM'000	Motor vehicles RM'000	Equipment, furniture, fixtures and fittings RM'000	Construction-in-progress RM'000	Total RM'000
Balance at January 1, 2010	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/ January 1, 2011	6,177	86,705	2,401	1,858	3,395	-	100,536
Charge for the year	**549**	**6,178**	**507**	**573**	**443**	**-**	**8,250**
Disposals	**(36)**	**(95)**	**-**	**(183)**	**(19)**	**-**	**(333)**
Write-offs	**(10)**	**(2,393)**	**-**	**(44)**	**(29)**	**-**	**(2,476)**
Currency translation difference	**-**	**1**	**-**	**3**	**2**	**-**	**6**
Balance at December 31, 2011	**6,680**	**90,396**	**2,908**	**2,207**	**3,792**	**-**	**105,983**
Net Book Value							
As of December 31, 2010	23,327	34,630	581	1,852	1,916	1,094	63,400
As of December 31, 2011	**26,811**	**43,876**	**327**	**1,715**	**2,584**	**-**	**75,313**

The Company

Cost	Land and buildings under long leases RM'000	Plant and machinery RM'000	Printing cylinders RM'000	Motor vehicles RM'000	Equipment, furniture, fixtures and fittings RM'000	Construction-in-progress RM'000	Total RM'000
Balance at January 1, 2010	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/ January 1, 2011	29,504	121,236	2,982	3,508	5,199	1,094	163,523
Additions	**3,139**	**15,634**	**253**	**571**	**1,113**	**-**	**20,710**
Disposals	**(195)**	**(150)**	**-**	**(226)**	**(22)**	**-**	**(593)**
Write-offs	**(51)**	**(2,562)**	**-**	**(138)**	**(29)**	**-**	**(2,780)**
Reclassification	**1,094**	**-**	**-**	**-**	**-**	**(1,094)**	**-**
Balance at December 31, 2011	**33,491**	**134,158**	**3,235**	**3,715**	**6,261**	**-**	**180,860**

The Company

Accumulated Depreciation	Land and buildings under long leases RM'000	Plant and machinery RM'000	Printing cylinders RM'000	Motor vehicles RM'000	Equipment, furniture, fixtures and fittings RM'000	Construction-in-progress RM'000	Total RM'000
Balance at January 1, 2010	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/ January 1, 2011	6,177	86,687	2,401	1,762	3,327	-	100,354
Charge for the year	**549**	**6,165**	**507**	**547**	**437**	**-**	**8,205**
Disposals	**(36)**	**(95)**	**-**	**(183)**	**(19)**	**-**	**(333)**
Write-offs	**(10)**	**(2,393)**	**-**	**(44)**	**(29)**	**-**	**(2,476)**
Balance at December 31, 2011	**6,680**	**90,364**	**2,908**	**2,082**	**3,716**	**-**	**105,750**
Net Book Value							
As of December 31, 2010	23,327	34,549	581	1,746	1,872	1,094	63,169
As of December 31, 2011	**26,811**	**43,794**	**327**	**1,633**	**2,545**	**-**	**75,110**

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 RM59,563,000 (2010: RM49,893,000) and RM59,508,000 (2010: RM49,839,000) respectively, which are still in use as of December 31, 2011.

Motor vehicles of the Group and the Company with aggregate net book values of RM1,139,000 (2010: RM922,000) as of December 31, 2011 were acquired through hire-purchase.

13. LAND HELD FOR DEVELOPMENT

The Group	Freehold land RM'000	Leasehold land RM'000	Property development costs RM'000	Total RM'000
As of January 1, 2010	-	-	-	-
Transfer from property development costs (Note 18)	2,322	-	485	2,807
As of December 31, 2010/ January 1, 2011	2,322	-	485	2,807
Transfer from property development costs (Note 18)	-	3,507	1,586	5,093
As of December 31, 2011	2,322	3,507	2,071	7,900

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

14. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2011 RM'000	The Company 2010 RM'000
Unquoted shares - at cost	2,000	2,000

Details of the direct subsidiary companies are as follows:

Name of companies	Country of incorporation	Effective percentage ownership 2011	Effective percentage ownership 2010	Principal activities
Daibochi Land Sdn. Bhd.	Malaysia	100%	100%	Property development
Daibochi Technology Sdn. Bhd.	Malaysia	100%	100%	Dormant
Daibochi Trading 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 2011 RM'000	2010 RM'000
Unquoted shares - at cost	22,568	22,568
Share of post-acquisition profit	437	509
	23,005	23,077

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

	The Group 2011 RM'000	2010 RM'000
Share of net tangible assets - at fair value	22,736	22,808
Goodwill	269	269
	23,005	23,077

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

Name of companies	Effective percentage ownership 2011	2010	Principal activities
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:

	2011 RM'000	2010 RM'000
Assets and liabilities		
Current assets	46,742	44,097
Non-current assets	46,476	53,641
Total Assets	93,218	97,738
Current liabilities	44,855	48,408
Non-current liabilities	12	1,934
Total Liabilities	44,867	50,342
Results		
Revenue	20,883	11,247
(Loss)/Profit for the year	(198)	473

16. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
Deferred tax assets	**42**	69	**-**	-
Deferred tax liabilities	**(6,847)**	(6,018)	**(7,473)**	(6,629)
	(6,805)	(5,949)	**(7,473)**	(6,629)
At beginning of year	**(5,949)**	(6,654)	**(6,629)**	(6,985)
Currency translation differences	**-**	3	**-**	-
Credit/(Charge) to profit or loss (Note 10)	**(856)**	702	**(844)**	356
At end of year	**(6,805)**	(5,949)	**(7,473)**	(6,629)

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

	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
Deferred tax assets				
Others	**42**	69	**-**	-
Deferred tax liabilities				
Property, plant and equipment	**7,927**	7,347	**7,927**	7,347
Others	**(1,080)**	(1,329)	**(454)**	(718)
	6,847	6,018	**7,473**	6,629

17. INVENTORIES

	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
Raw materials	**18,186**	17,991	**18,186**	17,991
Work-in-progress	**7,505**	7,343	**7,505**	7,343
Finished goods	**13,648**	16,982	**8,928**	12,491
Consumables	**1,613**	1,489	**1,613**	1,489
Completed property units	**3,960**	4,781	**-**	106
Total	**44,912**	48,586	**36,232**	39,420

Cost of inventories recognised as an expense of the Group and the Company during the year amounted to RM177,661,000 (2010: RM160,639,000) and RM178,238,000 (2010: RM161,754,000) respectively.

The cost of inventories recognised as an expense for the Group and the Company included write-down of inventory of RM232,000 (2010: RM249,000). There was no reversal of write-downs during the financial year.

During the financial year, there were net reversal of allowance for obsolete inventories of RM1,200,000 and RM1,350,000 for the Group and the Company respectively. In 2010, a net allowance of RM654,000 has been made on obsolete inventory for the Group and the Company.

18. PROPERTY DEVELOPMENT COSTS

Property development costs comprise the following:

	The Group	
	2011 RM'000	2010 RM'000
At beginning of year:		
Freehold land	-	2,322
Leasehold land	5,654	11,896
Development costs	3,782	928
	9,436	15,146
Costs incurred during the year:		
Leasehold land	-	4,517
Development costs	6,222	9,711
	6,222	14,228
Costs recognised as an expense:		
Leasehold land	(2,147)	(10,759)
Development costs	(8,418)	(6,372)
	(10,565)	(17,131)
Transfer to land held for development (Note 13):		
Freehold land	-	(2,322)
Leasehold land	(3,507)	-
Development costs	(1,586)	(485)
	(5,093)	(2,807)
At end of year:		
Freehold land	-	-
Leasehold land	-	5,654
Development costs	-	3,782
	-	9,436

In 2010, the Group's borrowing costs of RM211,000 were capitalised by applying the capitalisation rate ranging from 6.05% to 7.30% per annum and were included in property development costs.

19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Trade receivables	63,686	49,873	50,460	39,243
Allowance for impairment	(5)	(111)	(5)	(2)
	63,681	49,762	50,455	39,241
Accrued billings	-	5,304	-	-
Other receivables	243	256	243	256
Prepaid expenses	70	252	70	223
Deposits	1,879	2,819	1,738	2,802
	65,873	58,393	52,506	42,522

Of the trade receivables balance as of December 31, 2011, RM29,080,000 (2010: RM18,672,000) 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 trade receivables as of the end of the reporting period was:

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	50,810	35,394	39,205	28,332
Past due but not impaired:				
1 month	11,184	11,294	10,316	8,090
2 months	1,167	2,259	647	1,870
3 months	347	472	136	468
More than 3 months	173	343	151	481
	12,871	14,368	11,250	10,909
Individual impaired	5	111	5	2
Total trade receivables, gross	63,686	49,873	50,460	39,243
Less: Allowance for impairment	(5)	(111)	(5)	(2)
Total trade receivables, net	63,681	49,762	50,455	39,241

Movement in the allowance account:

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the year	111	1,719	2	1,719
Impairment losses recognised on receivables	5	107	5	5
Amounts written off during the year as uncollectible	(111)	(1,717)	-	(1,717)
Amount recovered during the year	(2)	(5)	(2)	(5)
Currency translation difference	2	7	-	-
Balance at end of the year	5	111	5	2

Analysis of ageing of impaired trade receivables:

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
More than 3 months	5	111	5	2

The allowance for impairment has been determined by reference to past default experience of the Group and the Company.

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

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	34,063	32,798	30,570	30,039
United States Dollar	19,890	9,195	19,890	9,195
Australian Dollar	9,733	7,880	-	9
	63,686	49,873	50,460	39,243

20. RELATED PARTY TRANSACTIONS

Amount receivable from subsidiary companies/amount payable to a subsidiary company, 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 which are interest free (2010: 5.09% to 5.73% per annum) and repayable within the normal trade terms of 90 days (2010: 90 days). The Company does not have any amount overdue from a subsidiary company, and accordingly, the analysis of ageing of past due but not impaired has not been presented.

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

	The Company	
	2011	2010
	RM'000	RM'000
Ringgit Malaysia	28,026	37,823
Australian Dollar	10,442	9,554
	38,468	47,377

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	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Subsidiary companies				
Daibochi Australia Pty. Ltd.				
- Sales of goods	-	-	32,838	29,565
- Dividend income (tax exempt)	-	-	204	371
- Interest income	-	-	-	10
- Sales of property, plant and equipment	-	-	-	60
Associated company				
Skyline Resources (M) Sdn. Bhd.*				
- Management fee payable	393	396	-	-
Other related parties				
Unibic Australia Pty. Ltd. ^				
- Sales of goods	3,610	4,529	-	-
Moi, NK Koh & Chee #				
- Legal fee	247	-	-	-

* A company in which certain directors also have substantial financial interest.
^ A company in which a director of a subsidiary company has substantial financial interest.
\# A firm in which a director was a member for services rendered in a professional capacity.

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	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	2,350	2,112	1,913	1,793
Contributions to defined contribution plan	325	294	297	270
	2,675	2,406	2,210	2,063

21. SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term deposits with a licensed bank	1,781	-	-	-
Housing Development Account with a licensed bank	161	158	-	-
Cash and bank balances	8,468	6,146	7,522	4,078
	10,410	6,304	7,522	4,078

During the financial year, short-term deposits with a licensed bank of the Group earn interest at rates ranging from 1.40% to 1.60% (2010: 1.05% to 1.40%) per annum and have overnight maturity periods (2010: 1 day to 4 days).

Included in cash and bank balances of the Group is an amount of approximately RM161,000 (2010: RM158,000) 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	6,657	2,803	3,929	653
United States Dollar	3,593	2,358	3,593	2,358
Australian Dollar	160	1,143	-	1,067
	10,410	6,304	7,522	4,078

22. SHARE CAPITAL

	The Group and The Company	
	2011 RM'000	2010 RM'000
Authorised:		
Ordinary shares of RM1 each		
At beginning and end of year	200,000	200,000
Issued and fully paid:		
Ordinary shares of RM1 each		
At beginning and end of year	75,902	75,902
Treasury shares:		
At beginning of year	(1,669)	(2,124)
Share buy-back during the year	(4,517)	(3,171)
Disposal of treasury shares	2,853	3,626
At end of year	(3,333)	(1,669)

During the financial year, the Company repurchased 1,752,600 (2010: 1,127,300) of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of the shares was RM4,517,174 (2010: RM3,170,657) including transaction costs and has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares was RM2.58 (2010: RM2.81). The Company had also disposed of 1,100,000 (2010: 1,574,700) treasury shares valued at RM2.60 (2010: RM3.02) for a total net consideration of RM2,854,638 (2010: RM4,757,562) in the open market, resulting in a surplus of RM1,523 (2010: RM1,132,041) which has been credited to the share premium account.

As of December 31, 2011, the Company held as treasury shares a total of 1,275,700 (2010: 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 RM3,332,963 (2010: RM1,668,903).

23. RESERVES

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-distributable reserves:				
Share premium	2,358	2,356	2,358	2,356
Translation reserve	233	180	-	-
Distributable reserve:				
Retained earnings	65,038	54,697	55,462	48,250
	67,629	57,233	57,820	50,606

Share premium

	The Group and The Company	
	2011 RM'000	2010 RM'000
At beginning of year	2,356	1,224
Disposal of treasury shares	2	1,132
At end of year	2,358	2,356

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	
	2011 RM'000	2010 RM'000
At beginning of year	180	103
Exchange differences arising on translation of foreign operation	53	77
At end of year	233	180

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 reporting date, the Company has not opted to elect for a switch to the new system. Accordingly, as of December 31, 2011, 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 the payment of net dividends of approximately RM55,185,000 out of its retained earnings as of December 31, 2011 without additional tax liabilities being incurred. Any dividend paid in excess of this amount will be under the single tier system.

24. LONG-TERM LOANS

	The Group and The Company	
	2011 RM'000	2010 RM'000
Unsecured term loans	11,814	5,278
Less: Portion due within one year (included under current liabilities)	(4,182)	(2,299)
Non-current portion	7,632	2,979

The non-current portion is repayable as follows:

	The Group and The Company	
	2011 RM'000	2010 RM'000
Financial years ending December 31,		
2012	-	1,572
2013	4,113	1,355
2014	1,905	52
2015	881	-
2016	733	-
	7,632	2,979

The unsecured term loans of the Group and the Company bear interest at effective interest rates ranging from 3.94% to 4.41% (2010: 3.52% to 4.75%) per annum and are repayable by 36 to 60 monthly instalments (2010: 36 monthly instalments). The term loans of the Group and the Company have a negative pledge over all the Company's assets.

25. HIRE-PURCHASE PAYABLES

	The Group and The Company	
	2011	2010
	RM'000	RM'000
Total installments outstanding	1,135	1,072
Less: Interest-in-suspense	(102)	(108)
Principal outstanding	1,033	964
Less: Portion due within one year (included under current liabilities)	(271)	(264)
Non-current portion	762	700

The non-current portion is repayable as follows:

	The Group and The Company	
	2011	2010
	RM'000	RM'000
Financial years ending December 31,		
2012	-	209
2013	265	189
2014	279	200
2015	184	102
2016	34	-
	762	700

The hire-purchase liabilities of the Group and the Company are repayable by 36 to 60 monthly installments (2010: 36 to 60 monthly installments). For the financial year ended December 31, 2011, the effective interest rates are 4.84% to 7.02% (2010: 4.84% to 7.00%) 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	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Trade payables	32,915	32,319	31,640	28,256
Other payables	1,033	2,427	569	2,126
Accrued expenses	8,702	6,649	7,654	6,334
Deposits payable	4	54	3	27
	42,654	41,449	39,866	36,743

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 RM57,000 (2010: RM60,000) 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	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	28,349	27,050	27,358	23,134
United States Dollar	4,229	4,879	4,229	5,047
Australian Dollar	284	315	-	-
Singapore Dollar	14	36	14	36
Other currencies	39	39	39	39
	32,915	32,319	31,640	28,256

27. DERIVATIVE FINANCIAL LIABILITIES

Derivative instruments carried at fair value through profit or loss.

	The Group and The Company	
	2011	2010
	RM'000	RM'000
Foreign currency forward contracts:		
Australian Dollar	196	130
United States Dollar	-	2
	196	132

28. SHORT-TERM BORROWINGS

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Bankers acceptances	14,825	12,189	14,825	12,189
Export credit refinancing	-	4,576	-	4,576
Foreign currency trade financing	5,674	3,597	5,674	3,597
Bank overdraft (Note 30)	754	1,800	754	1,800
	21,253	22,162	21,253	22,162
Secured:				
Bank overdraft (Note 30)	1,441	1,128	-	-
	22,694	23,290	21,253	22,162

The foreign currency trade financing of the Group and the Company are amounts denominated in United States Dollar and the secured bank overdraft of the Group is an amount denominated in Australian Dollar.

During the financial year, interest on bank overdrafts, bankers acceptances, export credit refinancing and foreign currency trade financing is chargeable at rates ranging from 0.79% to 9.05% (2010: 1.07% to 9.05%).

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 (2010: RM4,000,000) over a plot of leasehold commercial land of the subsidiary company included in land held for development as mentioned in Note 13;

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

(c) a Standby Letter of Credit for Australian Dollar 500,000 (equivalent to RM1,614,200) (2010: RM1,577,300).

29. DIVIDENDS PAID

	The Group and The Company	
	2011 RM'000	2010 RM'000
Third interim tax exempt dividend for 2009 of 6.5%, paid on March 16, 2010	-	4,882
Fourth interim tax exempt dividend for 2010 of 3.5%, paid on March 30, 2011	2,622	-
First interim tax exempt dividend for 2011 of 3.0%, paid on June 10, 2011 (2010: 3.5% tax exempt, paid on June 4, 2010)	2,239	2,621
Second interim tax exempt dividend for 2011 of 3.5%, paid on September 14, 2011 (2010: 2.5% tax exempt, paid on September 3, 2010)	2,630	1,870
Third interim tax exempt dividend for 2011 of 3.0%, paid on December 8, 2011 (2010: 3.0% tax exempt, paid on December 16, 2010)	2,243	2,266
	9,734	11,639

On February 18, 2012, the directors declared a fourth interim dividend of 4.0%, tax exempt, amounting to RM2,991,856 in respect of the financial year ended December 31, 2011 which was paid on March 23, 2012. The financial statements do not reflect this dividend declared after December 31, 2011, which will be accounted for as an appropriation of retained earnings in the financial year ending December 31, 2012.

The directors do not recommend the payment of any final dividend in respect of the financial year ended December 31, 2011.

30. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term deposits with a licensed bank (Note 21)	1,781	-	-	-
Housing Development Account with a licensed bank (Note 21)	161	158	-	-
Cash and bank balances (Note 21)	8,468	6,146	7,522	4,078
Bank overdrafts (Note 28)	(2,195)	(2,928)	(754)	(1,800)
	8,215	3,376	6,768	2,278

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 and the Company's overall strategy remain unchanged from 2010.

The capital structure of the Group and the Company consist of total borrowings as detailed in Notes 24, 25 and 28 and equity of the Group and the Company which are defined as issued capital, reserves, retained earnings and non-controlling interests as detailed in Notes 22 and 23.

During the financial year, the Group's and the Company's strategy which were unchanged from 2010 was to maintain the gearing ratio within manageable levels. The gearing ratios at December 31, 2011 and December 31, 2010 were as follows:

	The Group		The Company	
	2011	2010	2011	2010
Total borrowings (RM'000)	35,541	29,532	34,100	28,404
Total equity (RM'000)	142,388	133,120	130,389	124,839
Gearing ratios	0.25	0.22	0.26	0.23

With respect to banking facilities that the Company has with a financial institution, the Company 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Financial assets				
Loans and receivables:				
Trade receivables	63,681	49,762	50,455	39,241
Other receivables	243	256	243	256
Amount receivable from subsidiary companies	-	-	38,468	47,377
Short-term deposits, cash and bank balances	10,410	6,304	7,522	4,078
Financial liabilities				
Derivative instruments	196	132	196	132
Other financial liabilities measured at amortised cost:				
Long-term loans	11,814	5,278	11,814	5,278
Hire-purchase payables	1,033	964	1,033	964
Short-term borrowings	22,694	23,290	21,253	22,162
Trade payables	32,915	32,319	31,640	28,256
Other payables	1,033	2,427	569	2,126
Accrued expenses	8,702	6,649	7,654	6,334
Amount payable to a subsidiary company	-	-	394	394

Financial Risk Management Objectives and Policies

The operations of the Group and the Company 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 and the Company have taken measures to minimise the Group's and the Company's exposure to risk and/or costs associated with the financing, investing and operating activities of the Group and the Company.

(a) Market risk

The Group and the Company enter 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 and the Company's exposure to market risks or the manner in which these risks are managed and measured.

(b) Foreign currency risk

The Group and the Company have exposure to foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading activities. The Group and the Company manage its foreign exchange exposure by matching revenue and costs in the relevant currency and where exposure is certain, the Group and the Company use 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) profit or loss by the amounts shown below.

The Group and The Company	Profit or loss 2011 RM'000	2010 RM'000
United States Dollar	(679)	(28)
Australian Dollar	(26)	(459)
Other currencies	(1)	37
	(706)	(450)

Foreign currency forward contracts

The Group and the Company enter 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.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

Outstanding contracts	Average exchange rate	Foreign currency FC'000	Contract value RM'000	Fair value RM'000
2011				
Sell AUD				
- Less than 1 year	3.137	3,100	9,726	196
2010				
Sell AUD				
- Less than 1 year	3.075	2,400	7,381	130
Buy USD				
- Less than 1 year	3.100	153	473	2

(c) Interest rate risk

The Group and the Company are 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 and the Company's sensitivity 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		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Increase/Decrease in profit or loss	**31**	20	**32**	18

(d) Credit risk

The Group's and the Company'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 major customers as disclosed in Notes 19 and 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 Company's Credit Committee.

(e) Liquidity risk

The Group and the Company practise 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.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on undiscounted contractual repayment obligations.

The Group	Carrying amount RM'000	Contractual cash flow RM'000	Less than 1 year RM'000	1 - 5 years RM'000
December 31, 2011				
Derivative instruments	**196**	**196**	**196**	**-**
Long-term loans	**11,814**	**12,556**	**4,566**	**7,990**
Hire-purchase payables	**1,033**	**1,135**	**317**	**818**
Short-term borrowings	**22,694**	**22,775**	**22,775**	**-**
Trade and other payables	**42,650**	**42,650**	**42,650**	**-**
	78,387	**79,312**	**70,504**	**8,808**
December 31, 2010				
Derivative instruments	132	132	132	-
Long-term loans	5,278	5,758	2,416	3,342
Hire-purchase payables	964	1,073	309	764
Short-term borrowings	23,290	23,371	23,371	-
Trade and other payables	41,395	41,395	41,395	-
	71,059	71,729	67,623	4,106
The Company				
December 31, 2011				
Derivative instruments	**196**	**196**	**196**	**-**
Long-term loans	**11,814**	**12,556**	**4,566**	**7,990**
Hire-purchase payables	**1,033**	**1,135**	**317**	**818**
Short-term borrowings	**21,253**	**21,334**	**21,334**	**-**
Trade and other payables	**39,863**	**39,863**	**39,863**	**-**
Amount payable to a subsidiary company	**394**	**394**	**394**	**-**
	74,553	**75,478**	**66,670**	**8,808**
December 31, 2010				
Derivative instruments	132	132	132	-
Long-term loans	5,278	5,758	2,416	3,342
Hire-purchase payables	964	1,073	309	764
Short-term borrowings	22,162	22,243	22,243	-
Trade and other payables	36,716	36,716	36,716	-
Amount payable to a subsidiary company	394	394	394	-
	65,646	66,316	62,210	4,106

(f) Cash flow risk

The Group and the Company review the 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:

The Group and The Company	Note	Carrying Amount 2011 RM'000	2010 RM'000	Fair Value 2011 RM'000	2010 RM'000
Financial liabilities					
Long-term loans	24	**11,814**	5,278	**10,867**	4,924
Hire-purchase payables	25	**1,033**	964	**913**	841

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.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2011, the Group and the Company held the following financial instruments carried at fair values on the statement of financial position:

The Group and The Company	2011 Carrying amount RM'000	2011 Level 2 RM'000	2010 Carrying amount RM'000	2010 Level 2 RM'000
Financial liabilities at fair value through profit or loss				
- Derivative instruments	196	196	132	132

During the financial year, there were no transfers between Level 1 and Level 2 fair value measurements.

32. LEASE COMMITMENTS

As of December 31, 2011, the Group has the following non-cancellable lease commitments in respect of rental of premises:

	The Group Future Minimum Lease Payments 2011 RM'000	The Group Future Minimum Lease Payments 2010 RM'000
Financial years ending December 31,		
2011	-	258
2012	143	22
2013	150	-
2014	13	-
	306	280

33. CONTINGENT LIABILITIES

As of December 31, 2011, the Company has issued corporate guarantees totalling RM8,500,000 (2010: RM8,500,000) and a Standby Letter of Credit for Australian Dollar 500,000 (equivalent to RM1,614,200) (2010: RM1,577,300) 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	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Profit for the year	20,756	18,708	16,946	16,363
Adjustments for:				
Income tax expense	4,521	5,118	3,059	4,151
Unrealised loss/(gain) on foreign exchange	244	(326)	244	(326)
Allowance for impairment of trade receivables - net of recoveries	3	102	3	-
Property, plant and equipment:				
- Gain on disposal	(82)	(150)	(82)	(150)
- Written off	304	124	304	124
Depreciation and amortisation of property, plant and equipment	8,250	7,994	8,205	7,955
Share of results of associated company	72	(172)	-	-
(Reversal of allowance)/Allowance for obsolete inventories - net	(1,200)	654	(1,350)	654
Write-down of inventories	232	249	232	249
Finance costs	1,218	909	1,121	839
Other interest received	(79)	(73)	(38)	(39)
Interest received from subsidiary company	-	-	-	(10)
Dividend income from subsidiary company	-	-	(204)	(371)
Operating profit before changes in working capital	34,239	33,137	28,440	29,439
Movement in working capital:				
(Increase)/Decrease in:				
Inventories	4,808	(12,317)	4,306	(11,258)
Property development costs	4,343	3,113	-	-
Trade and other receivables	(7,652)	(9,188)	(10,434)	(4,842)
Amount receivable from subsidiary company	-	-	(888)	(3,105)
Increase in:				
Trade and other payables	1,169	4,657	3,390	3,728
Amount payable to subsidiary company	-	-	-	394
Cash generated from operations	36,907	19,402	24,814	14,356

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.

2011	Packaging RM'000	Property Development RM'000	Eliminations RM'000	The Group RM'000
Revenue	267,897	16,332	-	284,229
Results				
Segment results	23,135	3,800	-	26,935
Unallocated costs				(368)
Profit from operations				26,567
Finance costs				(1,218)
Share of results of associated company	-	(72)	-	(72)
Profit before tax				25,277
Income tax expense				(4,521)
Profit for the year				20,756

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

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.

2011	Packaging RM'000	Property Development RM'000	Eliminations RM'000	The Group RM'000
Assets				
Segment assets	224,678	18,127	(38,435)	204,370
Investment in associated company	-	23,005	-	23,005
Unallocated assets				682
Consolidated total assets				228,057
Liabilities				
Segment liabilities	51,392	29,893	(38,435)	42,850
Unallocated liabilities				42,819
Consolidated total liabilities				85,669

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

Other Segment Information

Other Information	Packaging RM'000	Property Development RM'000	Eliminations RM'000	The Group RM'000
2011				
Capital additions	**20,723**	**-**	**-**	**20,723**
Depreciation for property, plant and equipment	**8,250**	**-**	**-**	**8,250**
2010				
Capital additions	11,177	-	-	11,177
Depreciation for property, plant and equipment	7,994	-	-	7,994

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	
	2011	2010
	RM'000	RM'000
Revenue		
Malaysia	245,122	233,880
Australia	39,107	33,869
	284,229	267,749
Non-current assets *		
Malaysia	75,111	63,169
Australia	202	231
	75,313	63,400

* 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 RM135,585,000 (2010: RM114,195,000). 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

As of December 31, 2011, the Group and the Company have the following capital commitments in respect of the purchase of property, plant and equipment:

	The Group and The Company	
	2011	2010
	RM'000	RM'000
Authorised and contracted for	7,464	9,840
Authorised but not contracted for	5,175	5,982

37. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFITS OR LOSSES

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 Paragraphs 2.06 and 2.23 of the Bursa Malaysia Securities Berhad Listing Requirements, are as follows:

	The Group		The Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Total retained earnings:-				
- Realised	**74,069**	62,039	**61,143**	52,843
- Unrealised	**(5,620)**	(4,532)	**(5,681)**	(4,593)
	68,449	57,507	**55,462**	48,250
Total share of retained earnings from an associated company:				
- Realised	**436**	508	**-**	-
- Unrealised	**1**	1	**-**	-
	68,886	58,016	**55,462**	48,250
Less: Consolidation adjustments	**(3,848)**	(3,319)	**-**	-
Total retained earnings	**65,038**	54,697	**55,462**	48,250

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 2 MAY 2012*

SHAREHOLDINGS

Authorised Share Capital	:	RM 200,000,000
Issued and Paid-up Share Capital	:	RM 75,901,801 comprising 75,901,801 ordinary share of RM1.00 each
Class of shares	:	Ordinary shares of RM1.00 each fully paid
Voting rights	:	One vote per shareholder on a show of hands One vote per share on a poll

ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	Shareholders		No. of Shares Held	
	No.	%	No.	%*
less than 100	299	10.54	12,880	0.02
100 - 1,000	320	11.28	249,116	0.34
1,001 - 10,000	1,753	61.79	7,151,961	9.59
10,001 - 100,000	403	14.20	11,148,371	14.94
100,001 to less than 5% of issued shares	59	2.08	38,825,289	52.04
5% and above of issued shares	3	0.11	17,213,484	23.07
Total	2,837	100.00	74,601,101	100.00

SUBSTANTIAL SHAREHOLDERS

Name	No. of shares Direct	No. of shares Deemed**	% of issued shares*
Low Chan Tian	6,687,280	-	8.96
Lim Koy Peng	5,746,764	-	7.70
Datuk Wong Soon Lim	4,779,440	226,300	6.71

DIRECTORS' SHAREHOLDINGS

Name	No. of shares Direct	No. of shares Deemed**	% of issued shares*
Low Chan Tian	6,687,280	-	8.96
Datuk Wong Soon Lim	4,779,440	226,300	6.71
Low Geoff Jin Wei	3,012,280	-	4.04
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 1,300,700 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)

No.	Name	No. of shares	% of issued shares*
1	Lim Koy Peng	5,746,764	7.70
2	Low Chan Tian	3,784,960	5.07
3	Datin Teh Kim Hong	3,719,181	4.99
4	HSBC Nominees (Asing) Sdn Bhd - HSBC-FS I for Apollo Asia Fund Ltd	3,503,400	4.70
5	CIMB Group Nominees (Tempatan) Sdn Bhd - Yulina Binti Baharuddin	3,072,000	4.12
6	Low Geoff Jin Wei	3,012,280	4.04
7	Low Chan Tian	2,902,320	3.89
8	Amanahraya Trustees Berhad - Public Islamic Opportunities Fund	2,739,600	3.67
9	Chew Soon Heng	2,345,748	3.14
10	Datuk Wong Soon Lim	2,152,773	2.89
11	Chua Tiang Kim	2,082,480	2.79
12	Cimsec Nominees (Tempatan) Sdn Bhd - Bank of Singapore Ltd for Wong Soon Lim	2,000,000	2.68
13	Amanahraya Trustees Berhad - Public Islamic Opportunities Fund	1,744,200	2.34
14	Goh Thong Beng	1,288,000	1.73
15	Public Invest Nominees (Tempatan) Sdn Bhd - Wong Yoke Fong @ Wong Nyok Fing (M)	1,151,800	1.54
16	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Mak Tian Meng (MY0343)	926,400	1.24
17	Amsec Nominees (Tempatan) Sdn Bhd - Amtrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)	795,900	1.07
18	Tan Booi Charn	700,000	0.94
19	Lim Keat Sear	698,400	0.93
20	HSBC Nominees (Asing) Sdn Bhd - HSBC-FS for Floreat Fund Ltd.	600,000	0.80
21	Citigroup Nominees (Tempatan) Sdn Bhd - Allianz Life Insurance Malaysia Berhad (MEF)	560,000	0.75
22	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Rickoh Corporation Sdn Bhd (MY0507)	500,000	0.67
23	Citigroup Nominees (Tempatan) Sdn Bhd - Cheong Siew Chyuan (470322)	500,000	0.67
24	Chew Gee Lan	497,333	0.67
25	Kenanga Nominees (Tempatan) Sdn Bhd - Mak Tian Meng	438,800	0.59
26	CIMB Group Nominees (Tempatan) Sdn Bhd - Wong Soon Lim	408,000	0.55
27	Tan Booi Charn	400,000	0.54
28	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Tan Siew Eng @ Tan Aing (MY0225)	370,000	0.50
29	HLB Nominees (Tempatan) Sdn Bhd - Exodius Holdings Sdn Bhd	368,000	0.49
30	Mary Anne Low Chai Yik	366,600	0.49
	Total	49,374,939	66.19

** Excluding a total of 1,300,700 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 2011 RM'000
Lot 7, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	2 buildings - 19 years 3 buildings - 18 years 1 building - 17 years 1 building - 14 years	2.692 hectares	Leasehold expiring on 24.05.2091	29.10.1991	11,914
Lot 3, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	1 building - 19 years 2 buildings - 16 years 1 building - 14 years 1 building - 12 years 1 building - 11 years 1 building - 7 years	2.062 hectares	Leasehold expiring on 24.05.2091	03.07.1995	9,996
Lot 824, Kawasan Bandar VI, 75200 Melaka	Land and development costs	-	42,410 sq feet	Leasehold expiring on 17.11.2095	31.01.2008	5,093
GM 28, Lot 271 & 275, Mukim of Bertam, 75250 Melaka	Land and development costs	-	102,874 sq feet	Freehold	30.09.2002	2,807
PT 2598, Mukim of Bukit Baru, 75450 Melaka	Warehouse cum office building	1 building - 18 years 1 building - 1 year	89,814 sq feet	Leasehold expiring on 11.05.2094	24.05.2004	4,900
						34,710

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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 …………………………………………………………………………………………………….........(FULL ADDRESS)

and/or failing whom………………………………………………………………………….(FULL NAME IN BLOCK LETTERS)

of ………………………………………………………………………………………………….....................(FULL ADDRESS)

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

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 Ninth Annual General Meeting of the Company, to be held at Bunga Melati Room, Level 7, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Monday, 11 June 2012 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 - Mr. P. James Edwin A/L Louis Pushparatnam	Resolution 3		
4. Re-election of Director under Article 103 - Mr. Lim Soo Koon	Resolution 4		
#5. To appoint Messrs SJ Grant Thornton in place of retiring Auditors, Messrs Deloitte KassimChan for which Notice of Nomination as annexed hereto in the Annual Report has been received.	Resolution 5		
(Please refer to Note 8 of the AGM Notice and Remark [#] below)			
#6. To appoint retiring Auditors, Messrs Deloitte KassimChan	Resolution 6		
SPECIAL BUSINESS		**FOR**	**AGAINST**
7. Authority for Directors to allot shares pursuant to Section 132D of the Companies Act, 1965	Resolution 7		
8. Proposed renewal of share buy-back authority	Resolution 8		
9. Proposed amendments to the Company's Articles of Association	Resolution 9		

Remark # : Proposed Ordinary Resolution 6 will be tabled only in the event that proposed Ordinary Resolution 5 is not voted in favour.

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. 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. For the purpose of determining a member who shall be entitled to attend this 39th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 67(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 1 June 2012. Only a depositor whose name appears on the Record of Depositors as at 1 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
2. A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
4. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing. If the appointor 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.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company, Kompleks Daibochi Plastic, Lot 3 & 7 Air Keroh Industrial Estate, Phase IV, 75450 Melaka not less than forty-eight (48) hours before the time appointed for holding the meeting.

Fold this flap for sealing

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AFFIX STAMP

DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD.
Kompleks Daibochi Plastic
Lot 3 & 7 Ayer 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