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

annual report

2013

Contents

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty First Annual General Meeting ("AGM") of the Company will be held at Bunga Melati Room, Level 7, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Thursday, May 29, 2014 at 11.30 a.m. for the following purposes:

AS ORDINARY BUSINESS:

1. To receive the audited financial statements for the year ended December 31, 2013 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note on Agenda 1)

2. To approve Directors' fees for the year ended December 31, 2013 amounting to RM137,000 (2012: RM113,000). (Resolution 1)

3. To re-elect Mr. Heng Fu Joe who is retiring under Article 103 of the Company's Articles of Association. (Resolution 2)

4. To re-elect Mr. Low Geoff Jin Wei who is retiring under Article 103 of the Company's Articles of Association. (Resolution 3)

5. To re-appoint retiring Auditors, Messrs SJ Grant Thornton as Auditors of the Company for the financial year ending December 31, 2014 and to authorise the Directors to fix their remuneration. (Resolution 4)

AS SPECIAL BUSINESS:

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

6. **Ordinary Resolution**
Retention of Mr. P. James Edwin A/L Louis Pushparatnam as Independent Director

"THAT Mr. P. James Edwin A/L Louis Pushparatnam be and is hereby retained as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM pursuant to the Malaysian Code on Corporate Governance 2012." (Resolution 5)

7. **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 6)

8. **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 Malaysia") and any other relevant authority, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia 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 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 Malaysia 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 Malaysia;

(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 Malaysia 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 Malaysia and any other relevant authorities for the time being in force.

AND THAT, the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the aforesaid share buy-back with full powers to assent to any conditions, modifications, variations and/or amendments, as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company." (Resolution 7)

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: April 30, 2014

NOTES:

1. For the purpose of determining a member who shall be entitled to attend this 41st 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 May 20, 2014. Only a depositor whose name appears on the Record of Depositors as at May 20, 2014 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 (2) 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 (1) 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 duly authorised attorney.

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.

EXPLANATORY NOTE ON AGENDA 1

This Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders for the Audited Financial Statements and hence, Agenda 1 is not put forward for voting.

EXPLANATORY NOTE ON ORDINARY BUSINESS

Resolution 2

The independence of Mr. Heng Fu Joe who has served as an Independent Non-Executive Director of the Company has been assessed by the Nomination Committee. Having considered this assessment, the Board is satisfied that Mr. Heng Fu Joe brings independent and objective judgment to Board deliberations to ensure sufficient check and balance and ensures that high standards of corporate governance are applied. Mr. Heng Fu Joe abstained from deliberation and decision of his eligibility to stand for re-election at the Nomination Committee and Board meetings.

EXPLANATORY NOTES ON SPECIAL BUSINESS

(i) Resolution 5

The proposed ordinary resolution 5, if passed, will allow Mr. P. James Edwin A/L Louis Pushparatnam to be retained and to continue acting as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company in line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012. The justifications to recommend the retention of Mr. P. James Edwin A/L Louis Pushparatnam as an Independent Director are set out on pages 13 to 14 of the Board's Corporate Governance Statement in the 2013 Annual Report.

(ii) Resolution 6

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

As at the date of the Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on May 23, 2013 which will lapse at the conclusion of the forthcoming AGM.

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

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

(iii) Resolution 7

The proposed Ordinary Resolution 7, if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share capital of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next AGM. Please refer to the Statement to Shareholders dated April 30, 2014 for further information.

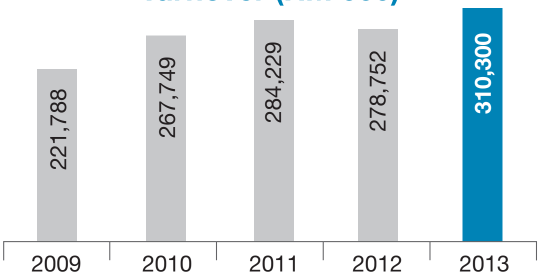
Statement Accompanying Notice of Annual General Meeting

(pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia)

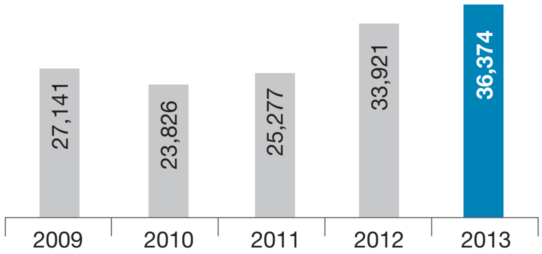
As at the date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming AGM.

Financial Highlights

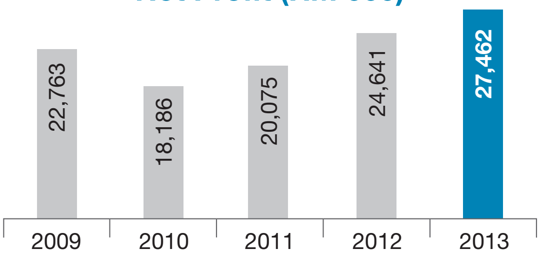
Turnover (RM'000)



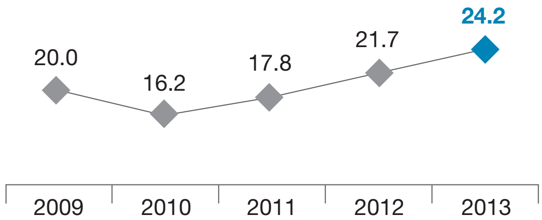
Profit Before Tax (RM'000)



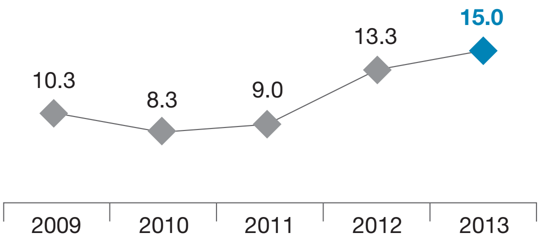
Net Profit (RM'000)



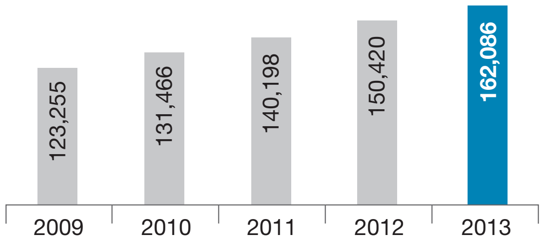
Earnings Per Share (Sen)*



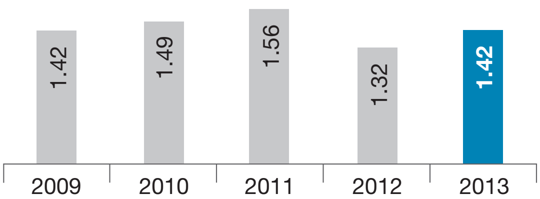
Gross Dividend Per Share (Sen)*



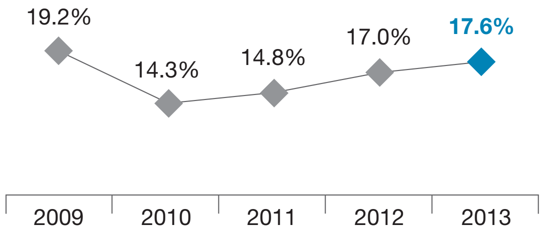
Shareholders' Equity (RM'000)



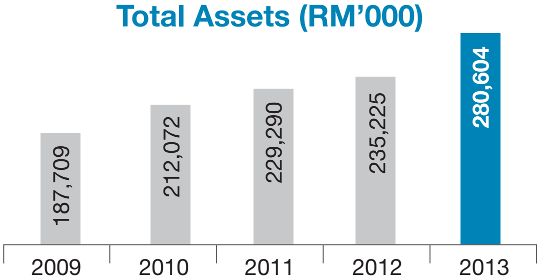
Net Tangible Assets Per Share (Sen)*



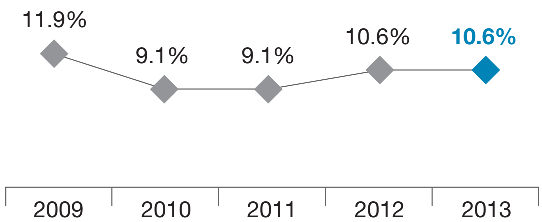
Return on Average Equity



Total Assets (RM'000)



Return on Average Assets



* The comparative figures have been adjusted to take into account the issuance of 1-for-2 bonus issue in the financial year ended December 31, 2012.

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

Ms. Caroline Ang Choo Bee
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

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

SJ Grant Thornton
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail, 50250 Kuala Lumpur
Wilayah Persekutuan
Tel No. : 03-26924022
Fax No. : 03-26915229

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 58 was appointed to the Board of Daibochi on February 20, 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. He is deemed interested in the transactions entered by the Company with Messrs. James Edwin & Co as disclosed in this Annual Report. Save for the aforesaid transaction, he has no conflict of interest with the Company. He has not been convicted of any offence in the past ten (10) years.

Mr. James attended all the eight (8) Board of Directors' meetings held during the financial year ended December 31, 2013.

Lim Soo Koon, Malaysian, aged 52 was appointed to the position of Managing Director on February 1, 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 no conflict of interest with the Company. He has not been convicted of any offence in the past ten (10) years.

He attended all the eight (8) Board of Directors' meetings held during the financial year ended December 31, 2013.

Y. Bhg. Datuk Wong Soon Lim, Malaysian, aged 60 was appointed to the Board of Daibochi on October 16, 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 Company with Skyline Resources Sdn Bhd as disclosed in this Annual Report. Save for the aforesaid transaction, he has no conflict of interest with the Company. In the past ten (10) years, he has not been convicted of any offence.

He attended all the eight (8) Board of Directors' meetings held during the financial year ended December 31, 2013.

Low Chan Tian, Malaysian, aged 58 was appointed to the Board of Daibochi on July 26, 1995 as an Alternate Director to the late Datuk Low Kiok Boo, a founder shareholder of Daibochi until March 28, 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 March 30, 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 Company with Skyline Resources Sdn Bhd and Z Essence Sdn Bhd as disclosed in this Annual Report. Save for these aforesaid transactions, he has no conflict of interest with the Company. He has not been convicted of any offence in the past ten (10) years.

Mr. Low attended seven (7) out of the eight (8) Board of Directors' meetings held during the financial year ended December 31, 2013.

Low Geoff Jin Wei, Australian, aged 31 was appointed to the Board of Daibochi on October 5, 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 Company with Skyline Resources Sdn Bhd as disclosed in this Annual Report. He has no conflict of interest with the Company. He has not been convicted of any offence in the past ten (10) years.

He attended seven (7) out of the eight (8) Board of Directors' meetings held during the financial year ended December 31, 2013.

Heng Fu Joe, Malaysian, aged 33 was appointed to the Board of Daibochi on August 2, 2010. He is an Independent Non-Executive Director. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He is a Chartered Accountant of the Malaysian Institute of Accountants, a fellow member of the Institute of Chartered Accountants Australia, a Chartered member of the Institute of Internal Auditors Malaysia, 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 a Partner of Baker Tilly, 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 all the eight (8) Board of Directors' meetings held during the financial year ended December 31, 2013.

Caroline Ang Choo Bee, Malaysian, aged 45 was appointed to the Board of Daibochi on July 16, 2012. She is an Independent Non-Executive Director and also a member of the Audit Committee.

She is a Chartered Accountant of the Malaysian Institute of Accountants, a Fellow of the Association of Chartered Certified Accountants, United Kingdom and an associate member of the Malaysian Institute of Chartered Secretaries and Administrators.

After obtaining the ACCA qualification, she gained extensive experience while being attached to the Audit and Corporate Recovery and Insolvency departments of Ernst & Young, Kuala Lumpur. She gained further experience in finance and business while holding the position of Accountant in Honeywell Engineering Sdn Bhd, a fully owned subsidiary of Honeywell Inc, a Fortune 100 Public Listed Company in the USA.

Ms. Caroline Ang also gained experience in the global shared services sector when she held the position of Senior Accountant in the Global Credit and Treasury Services Department of Honeywell Inc, based in Malaysia. She is currently a partner of CW Integrated Consultancy Services, a management firm in Kuala Lumpur.

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

Ms. Caroline Ang attended all the eight (8) Board of Directors' meetings held during the financial year ended December 31, 2013.

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 business efficacy and corporate accountability with the objective of realizing long-term value for all shareholders and stakeholders. Towards achieving this, the Board ensures that the highest levels of business integrity, professionalism and ethical conduct are observed and practiced throughout the Group.

The Board is fully committed towards achieving compliance with the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("the Code") and Bursa Malaysia's Main Market Listing Requirements ("MMLR"). The Board is pleased to report that it had continued to practice good corporate governance by upholding the principles of integrity, professionalism, transparency and accountability in its management of the affairs of the Group during the financial year ended December 31, 2013.

BOARD OF DIRECTORS

The Company is steered by an experienced, dynamic and well balanced Board comprising of competent professionals with diverse expertise and skills from a wide range of business, financial, engineering, legal and property development backgrounds that add value to the Group. The Board provides effective leadership by setting appropriate values and strategic directions to ensure that the objectives of the Group are achieved.

1. Roles and Responsibilities of the Board

1.1 The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions to ensure that it acts in the best interest of the Group. In this regard, the Board has defined matters reserved for the Board's decision, whilst those not specifically reserved for the Board and which are necessary for the day to day management of the Company are delegated to the Managing Director and the senior management team. Key matters reserved for the Board's approval include the overall strategic direction of the Group, annual operating and capital expenditure budget, dividend policy, expansion of core business, structure and capital e.g. issuance of new securities and ensuring that there is a sound system of internal control and risk management in place.

1.2 The roles and responsibilities of the Board are as follows:

(a) Reviewing and adopting a strategic plan for the Company which covers the core business of the Group;

(b) Overseeing the conduct of the Company's business to determine whether the business is being properly managed;

(c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;

(d) Maintaining an effective communications policy that enables both the Board and Management to communicate effectively with shareholders and the general public to ensure that timely and equal dissemination of relevant information are provided to them;

(e) Succession planning to ensure that candidates of sufficient calibre are appointed, taking into account the current and future needs of the Company; and

(f) Reviewing the adequacy and integrity of the Group's internal control and management information systems for compliance with applicable laws, regulations, rules, directives and guidelines.

1.3 The Board has established three (3) Board Committees namely, the Audit Committee, Nomination Committee and Remuneration Committee, all of which operate within clearly defined terms of reference to assist the Board in the execution of its duties and responsibilities. These Committees deliberate on particular issues and report their findings and recommendations to the Board. The ultimate responsibility for all decisions lies with the entire Board.

2. Board Conduct

2.1 Board Charter

The Company has a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Board Charter serves as a source of reference and primary induction literature to facilitate the effective discharge of the Board's duties in ensuring that the Company's strategic intent and mission of being the "Preferred Supplier Of Our Customers" and vision to achieve superiority in services and supplies of flexible packaging materials are achieved. This Board Charter shall be periodically reviewed, as and when necessary. A copy of the Board Charter is available on the Company's corporate website at www.daibochiplastic.com.

2.2 Code of Ethics and Code of Conduct

2.2.1 The Directors observe ethical values based on a Code of Ethics which is in accordance with the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. The Code of Ethics is based on principles of sincerity, integrity, accountability and social responsibility.

2.2.2 The Group's Code of Conduct governs the standards of ethics and good conduct expected of Directors and employees respectively, premised on the principles of honesty and integrity. The five principles making up the Code are as follows:

- Daibochi complies with laws, rules and regulations;
- Daibochi conducts its business with honesty and integrity;
- Daibochi treats its employees fairly, with dignity and respect;
- Daibochi's employees act in the best interest of the Group; and
- Daibochi conducts its business in an environmentally responsible manner.

The Board shall review the Code of Conduct, as and when deemed necessary, to ensure that it remains consistent with Daibochi's commitment to establish a corporate culture with ethical values that permeates throughout the Company. A summary of the Code of Conduct is available on the Company's website at www.daibochiplastic.com.

2.3 Related Party Transaction

The Board, through its Audit Committee, reviews related party transactions as and when the need arises. A director who has an interest in a transaction must abstain from deliberating and voting on the relevant resolution, in respect of such transaction at the meeting of the Board and at the General Meeting convened to consider the said matter.

2.4 Insider Trading

Directors and principal officers of the Company who have access to material/inside information which has not been disclosed to Bursa Malaysia and the investing public are prohibited from dealing in the Company's securities while in possession of this information. The Company Secretary will advise the Directors and principal officers on trading restrictions i.e. dealings during open and closed periods in accordance with the MMLR.

3. Board composition and balance

3.1 The Company is steered and controlled by an effective Board comprising of members who collectively bring insightful depth, maturity and diversity of perspectives to the leadership and management of the Group. The current Board has seven (7) members, comprising four (4) Executive Directors and three (3) Independent Non-Executive Directors (including the Chairman). A brief profile of each Director is presented on pages 7 to 9.

3.2 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 ensures a balance of power and authority so that no one individual has unfettered powers of decision making. This separation of responsibilities is further reinforced as the Chairman is not someone who has previously served as the Chief Executive Officer of the Company. The Chairman who is a non-executive member of the Board is primarily responsible for the orderly conduct and working of the Board. The Chairman promotes an open culture which allows for debate and constructive challenge during Board meetings. 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 Managing Director is assisted in the management of the business by an experienced and dedicated senior management team.

3.3 The balance in the Board is fortified by the presence of three (3) Independent Non-Executive Directors who bring strong independent judgment, knowledge, skills and experience to Board 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.

Nomination Committee

3.4 The Nomination Committee was set up on December 14, 2000. The Nomination Committee's authority and duties are governed by its written terms of reference.

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

Mr. P. James Edwin A/L Louis Pushparatnam (Chairman)
Mr. Heng Fu Joe

Appointments to the Board

3.6 The Nomination Committee adheres to a formal and transparent procedure for the appointment of new Directors before submitting its recommendation for the Board's decision.

3.7 The Nomination Committee seeks for suitable candidates from diverse professional and business backgrounds who have the character, experience, integrity, competence and time to effectively discharge his/her role as a director.

3.8 All appointments to the Board are based on merit whilst taking into account the suitability for the role, board balance and composition, the required mix of skills and professional background. The Nomination Committee also gives due consideration to age, gender, ethnicity and experience and ensures that potential candidates comply with the provisions of the MMLR and the Code to augment diversity in the Boardroom.

3.9 In the case of an Independent Director, the Nomination Committee will also assess the suitability of the candidate based on the definition of independence in the MMLR and whether the candidate can bring independent and objective judgment to Board deliberations. Upon completion of the assessment, the Nomination Committee will submit its recommendation to the Board.

Assessments by the Nomination Committee

3.10 The Board has implemented an annual evaluation process for the Nomination Committee to carry out the required assessments of all directors.

3.11 Having considered the annual assessment undertaken by the Nomination Committee, the Board is satisfied that the current composition and size of the Board is appropriate, well balanced and commensurate with the scale of the Group's operations. The number of Board members is conducive for efficient deliberations at Board meetings and effective decision-making. The Board members' diverse academic qualifications, background, competence, expertise and experience enable them to provide clear and effective leadership in the discharge of their roles and responsibilities. The Board members also have devoted sufficient time to undertake their duties. The Board has also considered the Nomination Committee's assessment of the Board Committees and is of the opinion that these committees are operating efficiently and effectively in assisting the Board.

3.12 The three (3) Independent Non-Executive Directors make up more than one third of the membership of the Board. This is in compliance with Paragraph 15.02 of the MMLR that requires at least one third of the Board to comprise of independent directors. Having considered the Nomination Committee's annual assessment, the Board is satisfied that all the Independent Non-Executive Directors fulfill the criteria of independence, as defined in the MMLR; are not engaged in the day-to-day management of the Company or are involved in any other relationship with the Company (other than those permitted by the applicable regulations). The Independent Non-Executive Directors also bring independent and objective judgment to Board deliberations to ensure sufficient check and balance and ensure that high standards of corporate governance are applied.

3.13 Recommendation 3.3 of the Code provides that the Board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine (9) years. The shareholders may, in exceptional circumstances and subject to the assessment of the Nomination Committee, decide that an independent director can remain as an independent director after serving a cumulative term of nine (9) years. The Company is affected by this requirement in the Code as our Chairman's tenure as Independent Director has exceeded nine (9) years as he was appointed in February 2003.

3.14 In compliance with Recommendation 3.3, the Nomination Committee undertook the review and assessment and recommended to the Board to seek shareholders' approval for our Chairman, Mr. P. James Edwin A/L Louis Pushparatnam ("Mr James Edwin") to be retained and to continue to act as an Independent Director of the Company at the forthcoming Annual General Meeting based on the following justifications:

(a) Mr. James Edwin fulfills the criteria under the definition of Independent Director as stated in the MMLR.
(b) He has devoted sufficient time and exercised due care and diligence during his tenure as an Independent Non-Executive Director of the Company and carried out his fiduciary duties in the interest of the Company and the shareholders.
(c) His vast experience and expertise in the legal field and his understanding of the main drivers of the Company's business would enable him to continue discharging his duties and responsibilities effectively.
(d) Mr. James Edwin actively participates in Board discussions and provides constructive views during Board meetings.
(e) Mr. James Edwin's long relationship with the other Board members has not compromised nor hindered his continued exercise of independent and objective judgment on all Board deliberations to act in the best interest of the Company.

3.15 Having considered the Nomination Committee's evaluation and Mr. James Edwin's own confirmation of independence pursuant to the MMLR, the Board is confident and firmly believes that Mr. James Edwin can be tasked to discharge his duties and responsibilities independently and objectively notwithstanding his tenure on the Board. Accordingly, the Board strongly recommends retaining Mr. James Edwin as an Independent Non-Executive Director of the Company and will be tabling an Ordinary Resolution to the shareholders at the forthcoming Annual General Meeting for the said purpose.

3.16 The Board's succession planning is focused on ensuring the right mix of skills and experience for the Board with due regard to the benefits of diversity. The Nomination Committee considers diversity generally when making appointments to the Board, taking into account relevant skills, experience, knowledge, personality, ethnicity and gender.

3.17 The Board recognizes and believes in the value and importance of gender diversity in the boardroom. The Board is of the view that whilst it is important to promote gender diversity, the selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge should remain a priority. Currently, Ms. Caroline Ang Choo Bee, an Independent Non-Executive Director is the female director of the Company.

3.18 The Board through the Nomination Committee reviewed the proportion of the female to male board members during the annual assessment of the Directors' performance taking into consideration the appropriate skills, experience and characteristics required of the Board members, in the context of the needs of the Group. Having considered the Nomination Committee's assessment, the Board is of the view that the current proportion of female and male directors is suitable in the context of the needs of the Group.

3.19 Boardroom diversity will remain an active consideration when changes to the Board's composition are contemplated. The Board will work towards extending the female composition of the Board as vacancies arise and suitable candidates are identified.

3.20 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.

3.21 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.

3.22 A Director who is over seventy years (70) old is required to submit himself for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965. Currently, there are no Directors in the Company who have reached the above stipulated age.

3.23 The performance of the Directors who are subject to re-election and re-appointment at the Annual General Meeting of the Company will be reviewed and assessed by the Nomination Committee. The Nomination Committee will then submit its recommendations on the proposed re-election and re-appointment to the Board for approval before tabling the proposals to the shareholders of the Company at the Annual General Meeting.

3.24 For the forthcoming Annual General Meeting, Mr. Heng Fu Joe and Mr. Low Geoff Jin Wei are due for re-election pursuant to Article 103 of the Company's Articles of Association. Having considered the review by the Nomination Committee, the Board is satisfied that Mr. Heng Fu Joe and Mr. Low Geoff Jin Wei have met the Board's expectations and exemplified their commitment as reflected by their professional conduct and valuable contributions to the Board. Mr. Heng Fu Joe brings independent and objective judgment to Board deliberations to ensure sufficient check and balance and ensures that high standards of corporate governance are applied.To assist the shareholders in their decisions, sufficient information such as personal profile and attendance at meetings of each Director are furnished in this Annual Report.

4. Directors' Training

4.1 The Board believes that continuous training for the Directors is essential to enable them to discharge their duties effectively.

4.2 The Directors are encouraged to attend relevant seminars and courses to keep themselves abreast of 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 responsibilities.

4.3 The Directors are empowered by the Board to evaluate and assess their own training needs on a continuous basis.

4.4 A familiarization programme is conducted for new directors. 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. All Board members have also attended and successfully completed the Mandatory Accreditation Programme.

4.5 During the financial year under review, the Directors have collectively or individually attended training programmes/seminars/briefings on Directors' Remuneration, Corporate Disclosure for Directors conducted by Bursa Malaysia, Corporate Frauds – Detection and Prevention, Financial Reporting Framework and Standards, Enforcement Updates by the Companies Commission, Tax and Corporate Review, Employees Provident Fund, Budget 2014 and Goods and Services Tax (GST).

4.6 The Company Secretary also updates and provides the Directors with materials on key corporate governance developments and salient changes on the MMLR, laws and regulations.

4.7 The Company Secretary maintains a complete record of the training received or attended by the Directors.

5. Directors' Remuneration

5.1 The Remuneration Committee which was formed on December 14, 2000 is responsible for setting the framework and making recommendations to the Board on matters concerning the remuneration of Executive Directors. The terms of reference of the Remuneration Committee have been approved by the Board and comply with the recommendations of the Code.

5.2 The members of the Remuneration Committee which comprise mainly of Independent Non-Executive Directors are as follows:

Mr. P. James Edwin A/L Louis Pushparatnam (Chairman)
Mr. Lim Soo Koon
Mr. Heng Fu Joe

5.3 The Remuneration Committee and the Board ensure that the Company's remuneration package is fair and sufficiently attractive to attract, motivate and retain high calibre individuals taking into consideration the capability, experience, technical expertise, skills, knowledge and competency of the Director concerned, the prevailing market pay and employment conditions within the industry. In addition, the Remuneration Committee and the Board also take into consideration relevant information from survey data.

5.4 The Remuneration 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/her individual remuneration.

5.5 The Directors' remuneration is reviewed annually by the Remuneration Committee to ensure that it is reflective of the contribution and responsibilities of the Director concerned for the year in line with the Company's strategy and objectives. The remuneration comprises 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.

5.6 The details of the remuneration of Directors of the Company from the Group for the year ended December 31, 2013 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	-	3,256	38	3,294
Non-Executive Directors	137	177	7	321

Range of remuneration	Executive Directors	Non-Executive Directors
RM50,001- RM100,000	-	2
RM150,001- RM200,000	-	1
RM600,001- RM650,000	2	-
RM700,001- RM750,000	1	-
RM1,350,001- RM1,400,000	1	-

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

5.8 The Remuneration Committee met once during the financial year and recommended to the Board the remuneration for Executive Directors of the Group.

6. Company Secretary

The Directors have access to the advice and services of a suitably qualified, experienced and competent Company Secretary to enable them to discharge their duties effectively. 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 Company Secretary ensures that all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting statutory as well as MMLR obligations arising from the MMLR and other regulatory requirements. The appointment and removal of the Company Secretary are within the purview of the Board.

7. Board meetings and supply of information

7.1 The Board held eight (8) board meetings during the financial year. All Directors fulfilled the requirement stipulated by Bursa Malaysia 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 9.

7.2 Board meetings for the ensuing calendar year are scheduled in advance before the end of each year to enable the Directors to plan ahead and fit the meetings into their respective schedules. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Decisions are also made via Directors' Circular Resolution, where appropriate.

7.3 Board meetings are structured with a pre-set agenda. The agenda and the Board papers are circulated to Directors on a timely basis to ensure that they are fully apprised of matters arising to enable them to effectively discharge their responsibilities. Any additional information requested by Directors will be made available. 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 and investments, budgets, strategic issues affecting the business of the Group, corporate policies and procedures and corporate plans.

7.4 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 members also have access to senior management as required in relation to any issues they have concerning the operation of the Company.

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

7.6 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.

7.7 In the furtherance of their duties, Directors have access to all information pertaining to the Group as well as to seek clarification from the management, Company Secretary and independent professional advisors at the Company's expense, if necessary.

8. Sustainability

The Board is responsible for and ensures that the Company's strategies and policies promote sustainability by providing innovative products for our customers and keeping up with ethical, governance, ecological, economic and social concerns. Please refer to the Group's Corporate Social Responsibility Statement on pages 23 to 25 for details of the Group's sustainability activities focusing on environment, social and governance matters for the year under review.

9. Uphold Integrity In Financial Reporting

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

9.2 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 to ensure that the financial statements comply with applicable financial reporting standards before their submission to the Board for approval. The composition, details of meetings attended and terms of reference of the Audit Committee together with its report are presented on pages 29 to 31 of the Annual Report.

9.3 The Company has established an appropriate and transparent relationship with its external auditors through the Audit Committee. The role of the Audit Committee in relation to the external auditors is set out in the Audit Committee Report on pages 29 to 31 of the Annual Report.

9.4 The Audit Committee ensures that the independence of the external auditors is not impaired by the provision of non-audit services to the Company in accordance with the Audit Committee's Policy on the Suitability and Independence of External Auditors. The Audit Committee also obtains a written assurance from the external auditors confirming their independence throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

10. Recognise And Manage Risks

10.1 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 Internal Control Statement as set out on pages 26 to 28.

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

11. Ensure Timely And High Quality Disclosure

11.1 The Board values its dialogue with stakeholders and ensures that timely, meaningful and equal dissemination of relevant information is provided to them. Consistent with these standards, the Company maintains a Board approved Corporate Disclosure Policy to provide guidance to the Board, management team and employees to ensure accurate, timely, consistent, high quality and fair disclosure of corporate information.

11.2 The Board has designated the Managing Director as the person responsible for communication with the investment community, regulators or the media. The Managing Director may, from time to time, designate others within the Company to speak on behalf of the Company to respond to specific inquiries. Employees who are not authorized spokespersons are not authorized under any circumstances to respond to inquiries from the investment community, the media or others, unless specifically authorized by the Managing Director.

11.3 The Company has leveraged on information technology by maintaining a corporate website at www.daibochiplastic.com as an additional channel of communication with stakeholders. The Group's corporate website provides a wide range of information about the Group, is updated from time to time and incorporates an Investor Relations section which includes the Company's business, corporate, management, financial and corporate governance information. The Company's financial calendar, share price information, all announcements and circulars made by the Company to Bursa Malaysia, corporate presentations (investor briefings), annual reports and press releases are also available on the website for the benefit of the investment community.

12. Strengthen Relationship Between Company And Shareholders

12.1 The Board encourages shareholders' active participation at the Company's Annual General Meeting. The Annual General Meeting remains the principal forum for dialogue with shareholders where it affords shareholders the opportunity to raise questions and 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. A press conference is normally held after the Annual General Meeting.

12.2 The Company sends out the Notice of the Annual General Meeting and Annual Reports to shareholders at least twenty one (21) days before the date of the meeting. The Board ensures that each item of special business included in the Notice of Annual General Meeting or Extraordinary General Meeting is accompanied by an explanation of the effects of the proposed resolution. The results of all the resolutions set out in the Notice of the General Meeting are announced on the same day via Bursa Link for the benefit of shareholders and investors.

12.3 The Company's 40th Annual General Meeting was held on May 23, 2013 at Ramada Plaza Melaka and all the Directors were present in person to engage directly with the shareholders of the Company. At this Annual General Meeting, the Managing Director gave a presentation to the members featuring an overview of the Company's business, products, its markets, corporate updates and performance for the benefit of the Company's shareholders. The presentation included video presentations on the Company's commitment to building a sustainable business and the development of the new manufacturing plant in Jasin, dedicated to filmmaking and metalizing. An Executive Director of the Company presented the Company's response to questions submitted by the Minority Shareholder Watchdog Group for the benefit of the members.

12.4 During the shareholders' meetings, the Chairman of the meeting shall remind all members present about their right to demand for a poll in accordance with the provisions of the Articles of Association of the Company on the voting for any resolutions. However, all resolutions put forth to the shareholders for approval were carried out by a show of hands, unless a poll is demanded or specifically requested.

12.5 The Board has identified the Chairman of the Nomination Committee, Mr. P. James Edwin A/L Louis Pushparatnam as the Senior Independent Non-Executive Director to whom concerns of shareholders and other stakeholders may be conveyed. He may be contacted via his email address at jamesedwin@daibochiplastic.com.

13. Relationship With Investors

13.1 During the year, the Managing Director and an Executive Director also met with analysts, fund managers, institutional shareholders and investors to provide updates on the performance as well as progress and developments of the Group. Investor briefings were held in each quarter in 2013 in conjunction with the Group's quarterly financial results. The briefings, presented by the Managing Director and Executive Director included operational highlights, financial highlights and review, industry insights, prospects and plans of the Group. The Board is kept informed of the views of shareholders through the Managing Director and Executive Director's attendance at investors' briefings.

14. Statement Of Directors' Responsibility For Preparing The Financial Statements

14.1 The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year. The financial statements 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 the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

14.2 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 a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

14.3 The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

14.4 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.

This Corporate Governance Statement is made in accordance with the resolution of the Board of Directors dated March 28, 2014.

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 1,067,900 of its own shares from the open market of Bursa Securities for a total consideration of RM3,342,388. 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 2013	Number of shares bought back	Purchase price per share Lowest (RM)	Purchase price per share Highest (RM)	Total cost* (RM)	Average price paid (RM)
January	191,800	2.43	2.56	488,214	2.545
February	106,400	2.42	2.51	263,335	2.475
March	77,200	2.67	2.80	210,522	2.727
April	15,300	2.81	2.82	43,413	2.837
June	155,900	3.41	3.60	552,367	3.543
July	147,000	3.39	3.53	510,719	3.474
August	257,600	3.22	3.43	872,685	3.388
September	70,700	3.29	3.30	234,986	3.324
November	46,000	3.58	3.60	166,147	3.612
Total	**1,067,900**	**2.42**	**3.60**	**3,342,388**	**3.130**

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

Monthly breakdown 2013	Number of shares sold	Resale price per share Lowest (RM)	Resale price per share Highest (RM)	Total consideration received* (RM)	Average price (RM)
February	526,000	2.55	2.55	1,336,673	2.541
April	265,000	2.84	2.86	753,404	2.843
September	300,000	3.48	3.48	1,040,155	3.467
November	347,000	3.82	3.82	1,320,566	3.806
Total	**1,438,000**	**2.55**	**3.82**	**4,450,798**	**3.095**

* *inclusive of transaction costs*

During the financial year, all the shares purchased by the Company were retained as treasury shares. 1,438,000 treasury shares were resold during the financial year. As at December 31, 2013, a total of 46,200 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 incurred by the Group to external auditors during the financial year amounted to RM22,500.

g) Variation in results
There is no variance between the results for the financial year and the unaudited results previously announced by the Company.

h) Profit guarantee
The Company did not issue any profit guarantee for the financial year.

i) Material contracts involving Directors and substantial shareholders' interests
Other than the related party transactions disclosed in this Annual Report, there were no material contracts entered into by the Company or its subsidiaries during the financial year which involved the interests of Directors or substantial shareholders.

Corporate Social Responsibility Statement

The Group is committed to building a sustainable business and is mindful of our corporate social responsibility ("CSR") towards key stakeholders when carrying out our business activities. As a responsible corporate citizen, CSR is an integral part of our business and we strive to maintain a balance between increasing shareholders' wealth and being responsible towards our human capital, society, the environment and marketplace.

The Board of Directors ensures that the Group's CSR initiatives and business practices promote sustainability by providing innovative products for our customers and addressing ethical, ecological, economic and social concerns.

Our CSR framework focuses on 4 core areas: Employee Welfare, Community Welfare, Environmental Awareness and the Marketplace. The key CSR initiatives undertaken in 2013 are as follows:

Employee Welfare

Our people are our most important asset and they play a pivotal role in the growth, success and sustainability of the Group's business. We consistently strive to create an inclusive and effective working environment for our employees by continuing to encourage their personal development, rewarding their achievements, enhancing their career advancement and caring for their well-being.

The Group invests in its people in terms of training to develop capable, confident and competent employees to ensure their continuous growth and advancement. In this regard, employees are provided with constant training and are encouraged to attend training programmes to update their knowledge and expertise 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. This includes providing medical and healthcare insurance for employees and their immediate family members commensurate with their rank and level of employment.

The Company has established a Health and Safety Committee ("the H&S Committee") entrusted with cultivating safe working practices and behaviour at the workplace. The H&S Committee ensures that the Company's Occupational Safety and Health policies are actively and effectively implemented. Talks and training on safety and health-related issues including fire safety, chemical spillage, machine safety and accident-prevention programmes are regularly held to ensure a high level of awareness of safety requirements for the respective employees.

The Company also organized a "World Earth Day, Safety & Health Week 2013" campaign. Health screenings and various talks were held to educate employees on best practices and encourage them to lead a healthy and balanced lifestyle. The H&S Committee also organized a "No Smoking Day" campaign with the Melaka General Hospital whereby the hospital representatives held talks to create awareness of the hazards of smoking.

The Company encourages its employees to have a work life balance and financially supports sports and recreational activities organized by our in-house Sports and Recreational 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, provide a platform for employees to network with their peers and foster a sense of camaraderie among the employees based on the motto: "We Care, We Share & We Learn".

Furthermore, the Company paid tribute to our retirees in conjunction with the Company's 41st anniversary annual dinner celebrations held on December 7, 2013 and handed academic awards to our employees' children during the monthly assembly.

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 Company's operations. Students are provided with comprehensive training to equip them with the necessary skills needed. There were 17 trainees attached to the Company for their industrial training during the financial year.

Environmental Awareness

The Group recognizes the importance of conserving the environment and our sustainability agenda focuses on eco-friendly environmental practices to reduce the impact of our operational carbon footprint. We endeavour to identify and minimise the negative environmental impacts of our products, services and business activities.

The Company adheres to its ***"ENVIRONMENTAL CARES POLICY"*** to ensure that materials and energy resources are used efficiently to minimise waste. This includes monitoring energy and water consumption, waste management, restricting the use of hazardous substances and efficient use of materials. Our ***"ENVIRONMENTAL CARES POLICY"*** is based on the following principles:

- *"Consistently embarking on continuous improvement of environmental preservation activities to meet the current Environmental Quality Act, 1974.*
- *"Adhering to established guidelines as stipulated by governmental regulations and statutory requirements in the prevention of pollution, management and disposal of waste generated.*
- *"Recycling and utilizing materials which are recyclable and practising waste minimization concepts of reducing, reusing and recycling either internally or by outsourcing such exercise to third parties.*
- *"Enhancing and promoting awareness by educating our workforce through education, training and participation in environmental activities.*
- *"Setting and implementing company-wide objectives and targets to address significant environmental impacts arising from our business activities".*

The Company continues to explore innovative avenues by constantly reviewing and upgrading our production processes 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. We promote a culture of environmental awareness and engagement amongst our staff.

Employees regularly participate in recycling activities through our "Green Day" campaign every Tuesday 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 recycling centre. In addition to this, polystyrene packaging of food is banned in the Company premises and all employees have been provided 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 also encouraged its employees to participate in the "Earth Hour" on 23 March 2013 from 8.30pm to 9.30pm by switching off lights and electrical equipment during that hour.

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. dedicated bins where cardboards, paper, aluminium cans and other discarded materials are collected for recycling purposes.

As part of its on-going focus on sustainability and environmental management, the Company sent waste from its production process to a waste-to-energy incinerator facility, thus reducing the need to use landfills to dump the waste. This technology reduces the amount of greenhouse gas e.g. methane, normally generated at landfills from being released into the environment.

We have also been accredited with the ISO 14001 certification, an environmental management system accreditation signifying our commitment to minimise the impact on the environment and conserving natural resources.

Daibochi is continuously advancing its environmental sustainability programs and seeking innovative approaches to reduce waste and the impact on the environment. We encourage our employees to continue to look for new solutions for waste management and recycling.

Marketplace

The Company is committed in ensuring adherence to high standards of ethical values by upholding the principles of integrity, honesty and professionalism in the Company's dealings and/or relationship with our customers, suppliers and shareholders. These core principles are enshrined in our values and encapsulated in the "Code of Conduct" observed by all our employees.

Our employees endeavour to adhere to the practice of dealing and competing fairly with suppliers, vendors and competitors during the course of our business. We share our best practices with our contractors, suppliers and business partners and also support our customers' sustainability objectives.

We have a high standard of quality control in place throughout our operations process to ensure the quality and safety of our products and have been accredited with the HACCP certification for food safety system. Our actions to ensure quality and food safety are guided by our "Quality & Food Safety Policy" which describes the various means adopted by the Company to achieve superiority in services and supplies of flexible packaging materials.

Internal Control Statement

The Board of Directors ("the Board") is fully committed to maintain a sound system of internal control and risk management in accordance with Principle 6 of the Malaysian Code on Corporate Governance 2012 to safeguard shareholders' investments, the Group's assets and the interest of other stakeholders. The Board is pleased to present the Internal Control Statement ("Statement") which outlines the Group's internal control framework and risk management system for the financial year ended December 31, 2013. This Statement is guided by Paragraph 15.26(b) of Bursa Malaysia's Main Market Listing Requirements ("the MMLR") and the Statement on Risk Management & Internal Control: Guidelines for Directors of Lister Issuers.

1. Board Responsibility

The Board has overall responsibility for the Group's risk management and system of internal controls and for reviewing its adequacy and effectiveness. Management is responsible for implementing the processes for identifying, assessing, monitoring and reporting of risks and internal control to the Board. Management's duties include taking appropriate and timely corrective actions as needed to mitigate and control these risks and providing assurance to the Board that the processes for identifying, evaluating and managing significant risks have been carried out.

2. Internal Control and Risk Management Framework

2.1 The Board confirms that there is a sound internal control framework and ongoing process for identifying, evaluating, monitoring and managing the significant risks faced by the Group in the achievement of its objectives and strategies. The Board reviews the process, taking into account changes in the regulatory and business environment to ensure the adequacy and effectiveness of the system of risk management and internal controls. The framework and ongoing process have been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

2.2 The Board recognizes that the system of internal control and risk management is designed to manage and minimize the risk of failure rather than eliminate the risks involved. Therefore, the Board is cognizant that the systems implemented can provide only reasonable and not absolute assurance against the occurrence of any material misstatement and loss.

3. Internal Audit Function

3.1 The Group's internal audit function has been outsourced to an independent professional firm which assists the Audit Committee and the Board in discharging their responsibilities. The internal audit function provides independent, objective assurance and advisory services that add value and improve 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 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;
- 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; and
- testing the effectiveness and efficiency of the internal controls systems periodically to ensure that they are effective and viable.

3.2 The internal audit function reports directly to the Audit Committee and focuses on high priority activities determined by risk assessment in accordance with the Internal Audit Plan approved by the Audit Committee. The Internal Audit Plan for 2013 was carried out upon approval by the Audit Committee. For the year under review, the Internal Auditors conducted audits in relation to Information Technology management: access control, monitoring of system development and disaster recovery planning, credit management, financial management and records and asset management (machinery). Observations arising from the internal audit are reported together with management's response and corrective action plans are proposed to the Audit Committee on a quarterly basis at the Audit Committee meetings. Please refer to the Audit Committee Report on pages 29 to 31.

4. Internal Control Systems and Risk Management

The main features of the Group's internal control system and risk management are described below:

- Organisation structure with clearly defined delegation of responsibilities to the Audit Committee which comprises wholly of Independent Non-Executive Directors with wide ranging in-depth experience from different backgrounds, knowledge and expertise;
- The various Board Committees, namely the Audit Committee is governed by the Audit Committee Charter whilst the Nomination and Remuneration Committees are all governed by clearly defined terms of reference;
- Regular meetings held by the Audit Committee members with full and unimpeded access to both the internal and external auditors during the financial year under review;
- 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;
- Regular internal audit visits commissioned by the Audit Committee to monitor compliance with procedures and to assess the integrity of financial information provided;
- Regular meetings are held at operational and management levels to identify and resolve business, financial, operational and management issues;
- 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;
- Budgeting and forecasting system governed by the Group's policy;
- Proper approval by the management on capital expenditure up to RM1 million and by the Board on capital expenditure exceeding RM1 million;
- Proper approval and review by the Board on new ventures/business diversification;
- Reporting of the Group's acceptable risk appetite and tolerance by the Managing Director to the Board on a half-yearly basis;
- Business continuity plan to ensure that there is a contingency framework on managing risks in the event of potential interruptions to operations;
- Formalised internal policies, procedures, manuals and codes to ensure compliance with internal controls and relevant rules and regulations to provide guidance and direction for the proper management and governance of the operations and business activities within the Group;
- The Company was accredited with ISO 9001:2008 in 2000, ISO 14001:2004 in 2011 and HACCP Principles in Codex Alimentarius in 2003. Documented internal procedures and standard operating procedures have been put in place and a yearly surveillance audit is conducted by assessors of the ISO certification body to ensure that systems are adequately implemented; and
- Ensuring ethical values by upholding the principles of integrity, honesty and professionalism in the Company's dealings with business partners, customers, suppliers, shareholders and other stakeholders as enshrined in the Company's Code of Conduct observed by the Board, management team and employees.

5. Review of the Statement by the External Auditors

This Statement has been reviewed by the External Auditors for inclusion in the Annual Report 2013 in accordance with Paragraph 15.23 of the MMLR. The External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers or is factually inaccurate.

6. Conclusion by the Board

6.1 The Board, through the Audit Committee, has reviewed the adequacy and effectiveness of the risk management and internal control system based on the information:

(i) provided by key management in the Company delegated with the responsibility for the development and maintenance of the internal control and risk management framework and processes;

(ii) from the Internal Auditors, who submit regular reports to the Audit Committee which include their independent and objective opinion on the adequacy and effectiveness of the Company's systems of risk management and internal control together with recommendations for improvement;

(iii) provided by the External Auditors.

6.2 The Board has received assurance from the Managing Director and the General Manager, Corporate and Finance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

6.3 The corporate risk scorecard for the Group was presented by management at the Board Meetings on a half yearly basis. There were no significant risks identified in the corporate risk scorecard.

6.4 The Group's risk management and internal control system does not apply to the associate company as the Board does not have control over its operations. Notwithstanding, the Group's interests are served through representation on the board of the associate company. The Board also obtains a written confirmation from the associate's management on a quarterly basis on factors/events that may adversely affect the associate's performance. Collectively, these provide the Board with timely information and decision making in relation to the investment in its associate company.

6.5 No material losses were incurred during the financial year under review as a result of weaknesses in risk management and the internal control system. The Board and management will continue to take adequate measures to strengthen the control environment in which the Group operates.

6.6 The Board is satisfied that the risk management and internal control systems in place for the financial year ended December 31, 2013 are adequate and effective to safeguard shareholders' investments, the Group's assets and the interest of other stakeholders.

This Statement is made in accordance with the resolution of the Board dated March 28, 2014.

Audit Committee Report

The Board is pleased to present the Audit Committee Report for the financial year ended December 31, 2013.

The Audit Committee was established on August 28, 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 December 31, 2013 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
Heng Fu Joe	Non-Executive Director	Yes	Attended five (5) out of five (5) meetings
Caroline Ang Choo Bee	Non-Executive Director	Yes	Attended five (5) out of five (5) meetings

In accordance with the Bursa Malaysia 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 (1) member of the Committee must be a member of the Malaysian Institute of Accountants.

The Committee comprises of three (3) members, all of whom are Independent Non-Executive Directors (INEDs). Mr. Heng Fu Joe and Ms. Caroline Ang Choo Bee are members of the Malaysian Institute of Accountants. Accordingly, the Company meets the requirements of Bursa Malaysia's Listing Requirements.

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 two (2) with the majority of members present being Independent Directors. At least twice 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 development;
- 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 evaluation of the system 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 twice 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 THE COMMITTEE

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

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

(b) Considered the related party transactions that had arisen within the Company or the Group before recommending to the Board for approval;

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

(d) 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 before recommending to the Board for approval;

(e) Reviewed the Audit Committee's policy on the suitability and independence of external auditors pursuant to Recommendation 5.2 of the Malaysian Code on Corporate Governance 2012 before recommending to the Board for approval;

(f) Considered the re-appointment of external auditors and their audit fees before recommending to the Board for approval;

(g) Reviewed the audit reports submitted by the Internal Auditors;

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

(i) Reviewed the Internal Control Statement before recommending to the Board for approval;

(j) Reviewed the Audit Committee Report before recommending to the Board for approval; and

(k) 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 Function, which has been outsourced, 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 December 31, 2013, the cost incurred in maintaining the outsourced Internal Audit Function amounted to RM64,494.

Dear Fellow Shareholders,

The global economic situation remained largely cautious in 2013, moulded chiefly by the sluggish recovery of the Eurozone economy, ongoing uncertainty in the United States, and a slowdown in the manufacturing sector in the People's Republic of China.

The bleak outlook in these key economies dampened domestic sentiment somewhat. Malaysia's Gross Domestic Product (GDP) noted a 4.7% growth in 2013, compared with 5.6% a year ago.

Against such a discouraging external environment, however, Daibochi Plastic and Packaging Industry Berhad (Daibochi) recorded a commendable year under review, stemming from the continued sales expansion to food and beverage (F&B) manufacturers coupled with our efforts in product innovation and operations enhancement.

I am pleased to note that Daibochi strengthened its reputation as a flexible packaging provider of choice for multinational companies (MNCs) in the Asia Pacific region. This was amply demonstrated by the higher sales orders from existing customers, and in our success in securing new reputable MNC customers in 2013.

These positive developments helped the Group post another year of record financial performance, demonstrating double-digit growth in group revenue and net profit. This milestone would not have been possible without the dedication and hard work of our team of employees; we are proud of their contributions towards achieving the Group's goals.

Our stellar financial report card was not in vain, for it played an integral role in Daibochi accomplishing a record market capitalization of RM472.5 million by end-2013. This vast improvement from the RM290.3 million market capitalization as at end-2012 is testimony of the enduring support for the Group from the local and regional investment community.

Therefore, it is my privilege to present to you the Annual Report and the audited financial statements of the Group and Company for the financial year ended 31 December 2013 (FY2013) on behalf of the Board of Directors.

Financial Review

Daibochi's top line reached a new record of RM310.3 million in FY2013 – charting a respectable 11.3% increase year-on-year from RM278.8 million in the previous corresponding period.

Revenue from our core business of flexible packaging rose 9.2% to RM301.1 million in FY2013, compared to RM275.8 million previously. This was attributable to higher sales orders from existing customers in the F&B and Fast Moving Consumer Goods (FMCG) sector, as well as fresh contributions from newly-secured clientele.

The manufacturing sector in Malaysia had a challenging start to the year under review, as the minimum wage policy came into effect in January 2013. Fortunately, Daibochi had already adhered to the suggested minimum wage prior to the implementation of the policy, and was thus largely insulated from a drastic hike in our wage bill.

Even so – and perhaps more significantly – the management continued to place greater emphasis on improving employee productivity as a means to enhance operational efficiency. These steps, such as ensuring waste control at production floor-level, bore fruit in FY2013, and helped in enhancing overall returns for the Group.

The Group's property segment contributed the balance RM9.2 million revenue, versus RM3.0 million a year ago. The higher contribution was primarily due to the sale of a piece of commercial land during the year under review. The Board would like to reiterate our commitment to phasing out the property development business in order to focus our resources towards further expanding the flexible packaging segment.

Group profit before tax expanded 7.2% to RM36.4 million from RM33.9 million previously. The relatively slower rise in PBT compared to revenue growth was due to slight margin compression resulting from higher raw material costs, coupled with time-lag in cost pass through.

Nonetheless, Daibochi ended FY2013 on a high note, with record net profit of RM27.5 million compared to RM24.6 million previously. The 11.4% increase in bottom line resulted in similar expansion in basic earnings per share to 24.2 sen in FY2013, from 21.7 sen a year ago.

From a wider viewpoint, Daibochi attained commendable compounded annual growth rates (CAGR), with group revenue climbing steadily by 7.4% over the last five years, and net profit reaching 27.5% CAGR within the same period. The accelerated growth rate in profitability is proof of the management's success in focusing on achieving favourable product mix and enhanced operational efficiency.

The higher retained profits have led to shareholders' equity increasing to RM162.1 million as at end-2013, compared to RM150.4 million a year ago. Group total borrowings rose to RM57.7 million from RM30.1 million previously, primarily due to investments for existing and new manufacturing plants, as well as higher working capital requirements in line with our enlarged operations.

Despite this, the Group's net gearing level remained at a manageable 0.27 times, compared to 0.15 times at end-2012. Cash and bank balances stood at RM13.7 million as at end-2013, compared to RM7.5 million a year ago. This healthy balance sheet enables us to effectively fund our expansion as we pursue the next level of growth.

Dividends

Daibochi has established a dividend policy of distributing not less than 60% of group net profits to shareholders. The dividends are to be distributed on a quarterly basis.

Daibochi declared total dividends of 15.0 sen per share in FY2013, namely three interim tax exempt dividends of 4.0 sen, 3.0 sen and 4.0 sen per share in the first, second and third quarters respectively; as well as an interim single tier dividend of 4.0 sen per share in the fourth quarter.

The Group's FY2013 dividend payout, amounting to RM17.1 million in total, translates to 62.1% of FY2013 bottom line, thus meeting our dividend policy.

At this juncture, do allow us to record our appreciation to you – our institutional and retail shareholders – for your continuing support for the Group.

Awards for Corporate Governance and Investor Relations

Daibochi emerged the winner of the top overall Corporate Governance (CG) Award 2013 in the mid-cap category, comprising companies with market capitalization of between RM100 million and RM500 million.

Presented by the Minority Shareholders Watchdog Group (MSWG), the CG Award aims to recognize companies that have taken the initiative to raise the level of their CG practices. MSWG also revealed that the results were based on the ASEAN CG Scorecard which showcases well-governed companies within the ASEAN region, thus improving their visibility and investability.

Being affirmed for implementing Best Practices in Corporate Governance is certainly a commendable acknowledgement of Daibochi's efforts in seeking to constantly and tangibly add value within the Company, be it in manufacturing processes, innovation, or customer service.

Daibochi is proud to receive this award, and will strive to be held in high regard by our stakeholders and the larger investing public.

Recognizing Investor Relations (IR) as one of the core pillars of Corporate Governance, Daibochi has actively engaged with the investor community to provide insight on the Group's strategies, and established investor-friendly policies. To this end, we have organized investor briefings on a quarterly basis, maintained an updated IR portal within our corporate website, and declared a dividend policy.

Our commitment towards enabling effective two-way communication between Daibochi and the investment community has recently gained recognition from the Malaysian Investor Relations Association (MIRA).

The Group was nominated for "Best Company for IR – Small Cap" category in the MIRA IR Awards 2013. This was further complemented with the nomination of our Executive Director, Mr. Low Geoff Jin Wei as "Best IR Professional – Small Cap" category.

We certainly view these acts of recognition as indicators of industry excellence and accomplishment as we strive to deliver on our commitment towards effective investor relations and communication.

Industry Outlook & Growth Prospects

Demand for value-added flexible packaging is on an uptrend in line with increasing economic development and urbanization; as consumer affluence grows and increasingly-mobile users opt for convenience-packaging. Emerging markets such as South East Asian countries therefore possess high potential for regional market expansion.

Furthermore, we are continuing to see a rising number of MNCs sourcing for flexible packaging from the South East Asian region to meet their global requirements. This surely presents a wealth of opportunities to Daibochi, even as we aim to strengthen our position as a leading regional flexible packaging provider for MNC clientele.

With these positive prospects, Daibochi intends to enter the next phase of growth via the following strategies:

- Broadening our customer base

  We intend to continuously increase our MNC customer base, leveraging on our reputation for consistent quality.

  In addition to regional opportunities, we are also encouraged by the tremendous prospects in Malaysia, given the increasing number of global F&B manufacturers that have committed substantial investments to establish manufacturing bases in the country. With our track record in serving MNC clientele in the past decade, we believe we are well-positioned to capture these opportunities.

- Improving operational efficiency

  We are committed to improving operational efficiency through process improvements, and investments in state-of-the-art machinery and technology. We have yielded positive results in the recent years, and aim to better our performance going forward.

- Increasing our production capacity

  I am pleased to announce that the construction of our new manufacturing plant - Daibochi Films Complex in Jasin, Melaka was completed in December 2013. The new plant, located just 18km from our existing operations, is expected to commence operations in the early part of the second quarter of 2014. With this, Daibochi has the flexibility to streamline our operations for improved efficiency, by undertaking our metallizing and CPP film-making functions in-house.

  More importantly, with the expanded manufacturing capacity, Daibochi is ready to support rising production demands from existing and new clients.

  Overall, the Group expects to invest approximately RM20 million in FY2014 to fund purchases of new machinery in the existing and new plants.

- Sustaining our Research & Development (R&D)

  In terms of product development, we are heartened that our in-house innovations have been very warmly received by F&B manufacturers. We are pleased that our high-speed film – designed to increase output – has been commercialized with a few customers to date. At the same time, our two-layer flexible packaging – to help customers achieve cost-savings – is currently undergoing trial runs with various clients. We are confident of their take-up in the near future.

  The positive headway made in our product developments are certainly a boost to our R&D team, and cements our resolve to continue such product innovations that bring tangible benefits to our customers.

  We view this as a key competitive advantage that positions us positively vis-à-vis regional peers.

The years ahead hold promise of an exciting future for Daibochi. While we are grateful for the partnership and contribution of various parties in our journey thus far – including valued customers, suppliers, business associates, investors and Government authorities – we hope to continue counting on your support for mutual growth going forward.

Appreciation

Do allow me to extend my appreciation to the team of committed employees, performance-focused management and fellow Directors for working hand in glove to propel Daibochi to its record performance in FY2013. It is my hope that our success thus far will motivate Daibochi to achieve even greater heights in the coming years.

P. JAMES EDWIN A/L LOUIS PUSHPARATNAM
CHAIRMAN

March 28, 2014

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 of the Company for the financial year ended December 31, 2013.

PRINCIPAL ACTIVITIES

The Company is principally involved in manufacturing and marketing of flexible packaging materials. The principal activities of the subsidiaries and an associate are as disclosed in Notes 12 and 13 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company, its subsidiaries and an associate during the financial year.

RESULTS OF OPERATIONS

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

	Group RM'000	Company RM'000
Profit for the financial year	27,462	24,464

In the opinion of the directors, the results of operations of the Group and of 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 RM3,976,489, in respect of the financial year ended December 31, 2012 on April 12, 2013;

(ii) a first interim dividend of 4.0%, tax exempt, amounting to RM4,553,460 in respect of the financial year ended December 31, 2013 on June 7, 2013;

(iii) a second interim dividend of 3.0%, tax exempt, amounting to RM3,397,017 in respect of the financial year ended December 31, 2013 on September 27, 2013; and

(iv) a third interim dividend of 4.0%, tax exempt, amounting to RM4,552,252 in respect of the financial year ended December 31, 2013 on December 19, 2013.

On February 20, 2014, the directors declared a fourth interim single tier dividend of 4.0%, amounting to RM4,552,008 in respect of the financial year ended December 31, 2013 which will be paid on March 28, 2014. The said dividend has not been included as a liability in the financial statements as of December 31, 2013.

The directors do not recommend the payment of any final dividend in respect of the financial year ended December 31, 2013.

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 1,067,900 of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of the shares was RM3,342,388 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 RM3.13. The Company had also disposed of 1,438,000 treasury shares valued at RM3.10 for a total net consideration of RM4,450,798 in the open market, resulting in a surplus of RM222,894 which has been credited to the share premium account as disclosed in Note 21 to the financial statements.

The Company held 46,200 treasury shares out of its 113,852,496 issued ordinary shares. The treasury shares are held in accordance with Section 67A of the Companies Act 1965 at a carrying amount of RM166,813 as disclosed in Note 20 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 profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and no provision for doubtful debts was required; 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 it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Group and of the Company; or

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

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

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

(a) any charge on the assets of the Group and of 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 of 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 of 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 of 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
Caroline Ang Choo Bee

In accordance with Article 103 of the Company's Articles of Association, Heng Fu Joe and Low Geoff Jin Wei retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting of the Company.

DIRECTORS' INTERESTS

The interests 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:

	Number of ordinary shares of RM1 each			
	Balance as of 1.1.2013	Bought/ Transferred	Sold/ Transferred	Balance as of 31.12.2013
Interests in the Company				
Direct interests				
Low Chan Tian	7,442,580	-	-	7,442,580
Datuk Wong Soon Lim	6,679,009	-	(600,000)#	6,079,009
Low Geoff Jin Wei	4,532,420	-	-	4,532,420
Lim Soo Koon	180,000	-	-	180,000
P. James Edwin A/L Louis Pushparatnam	9,420	-	-	9,420
Heng Fu Joe	40,500	-	(40,500)	-
Caroline Ang Choo Bee	6,000	-	-	6,000

500,000 shares transferred to director's child.

	Number of ordinary shares of RM1 each			
	Balance as of 1.1.2013	Bought/ Transferred	Sold/ Transferred	Balance as of 31.12.2013
Deemed interests *				
Low Chan Tian	2,655,840	-	-	2,655,840
Datuk Wong Soon Lim	339,450	500,000	-	839,450
Caroline Ang Choo Bee	27,000	-	-	27,000

* Registered in the name of director's spouse/child.

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 7 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 26 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.

EVENT AFTER THE FINANCIAL YEAR

The event after the financial year is disclosed in Note 32 to the financial statements.

AUDITORS

The Auditors, Messrs. SJ Grant Thornton, 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 28, 2014

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, 2013 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 97.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible 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 about 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 our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of 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 Company'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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of December 31, 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries 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 the auditors' report of the subsidiary, of which we have not acted as auditors, which is indicated in Note 12 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements 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 required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 98 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 to any other person for the contents of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

NG CHEE HOONG
(NO: 2278/10/14(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
March 28, 2014

Statements Of Profit or Loss And Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2013

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	5	310,300	278,752	292,677	270,165
Cost of sales		(258,212)	(229,107)	(248,135)	(226,853)
Gross profit		52,088	49,645	44,542	43,312
Other income		2,977	4,242	2,917	4,697
Selling and distribution costs		(8,485)	(8,925)	(7,772)	(8,131)
Administrative expenses		(9,545)	(10,506)	(6,215)	(6,448)
Finance costs	6	(1,081)	(866)	(1,077)	(828)
Share of results of an associate	13	420	331	-	-
Profit before tax	7	36,374	33,921	32,395	32,602
Income tax expense	8	(8,912)	(8,901)	(7,931)	(8,421)
Profit for the financial year		27,462	25,020	24,464	24,181
Other comprehensive income for the financial year, net of income tax:					
Exchange differences on translating foreign operation		(425)	(51)	-	-
Total comprehensive income for the financial year		27,037	24,969	24,464	24,181
Profit for the financial year attributable to:					
Owners of the Company		27,462	24,641		
Non-controlling interests		-	379		
		27,462	25,020		
Total comprehensive income for the financial year attributable to:					
Owners of the Company		27,037	24,615		
Non-controlling interests		-	354		
		27,037	24,969		
Earnings per ordinary share attributable to owners of the Company - basic (sen)	9	24.18	21.74		

The accompanying notes form an integral part of the financial statements.

Statements Of Financial Position

AS OF DECEMBER 31, 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	110,001	84,887	109,843	84,599
Land held for property development	11	2,807	2,807	-	-
Investments in subsidiaries	12	-	-	7,199	7,199
Investment in an associate	13	23,756	23,336	-	-
Deferred tax assets	14	60	43	-	-
		136,624	111,073	117,042	91,798
Current assets					
Inventories	15	57,349	55,459	52,967	42,821
Trade and other receivables	16	72,844	60,909	65,375	54,435
Tax recoverable		-	323	-	-
Amounts receivable from subsidiaries	17	-	-	24,025	31,900
Derivative financial assets	18	118	11	118	11
Short-term deposits, cash and bank balances	19	13,669	7,450	9,699	5,953
		143,980	124,152	152,184	135,120
Total Assets		280,604	235,225	269,226	226,918

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company:					
Share capital	20	113,853	113,853	113,853	113,853
Treasury shares	20	(167)	(1,052)	(167)	(1,052)
Reserves	21	48,400	37,619	38,409	30,201
Total Equity		162,086	150,420	152,095	143,002
LIABILITIES					
Non-current liabilities					
Trade and other payables	22	75	60	-	-
Loans and borrowings	23	11,546	7,045	11,546	7,045
Deferred tax liabilities	14	8,270	7,224	8,738	7,922
		19,891	14,329	20,284	14,967
Current liabilities					
Trade and other payables	22	50,591	44,640	48,585	42,731
Amount payable to a subsidiary	17	-	-	394	394
Loans and borrowings	23	46,180	23,022	46,180	23,022
Tax payable		1,856	2,814	1,688	2,802
		98,627	70,476	96,847	68,949
Total Liabilities		118,518	84,805	117,131	83,916
Total Equity and Liabilities		280,604	235,225	269,226	226,918

The accompanying notes form an integral part of the financial statements.

Statements Of Changes In Equity

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2013

Group	Note	Issued Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Attributable to Owners of The Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Attributable to Owners of The Company		Non-distributable Reserves		Distributable Reserve			
Balance as of January 1, 2012		75,902	(3,333)	2,358	233	65,038	140,198	2,190	142,388
Profit for the financial year		-	-	-	-	24,641	24,641	379	25,020
Other comprehensive income for the financial year, net of income tax		-	-	-	(26)	-	(26)	(25)	(51)
Total comprehensive income for the financial year		-	-	-	(26)	24,641	24,615	354	24,969
Transactions with owners:									
Dividends paid to owners of the Company	24	-	-	-	-	(14,178)	(14,178)	-	(14,178)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	(170)	(170)
Bonus shares	20	37,951	-	-	-	(37,951)	-	-	-
Share buy-back	20	-	(2,369)	-	-	-	(2,369)	-	(2,369)
Disposal of treasury shares	20, 21	-	4,650	329	-	-	4,979	-	4,979
Changes in ownership interests in subsidiary	12	-	-	-	30	(2,855)	(2,825)	(2,374)	(5,199)
Total transactions with owners		37,951	2,281	329	30	(54,984)	(14,393)	(2,544)	(16,937)
Balance as of December 31, 2012		113,853	(1,052)	2,687	237	34,695	150,420	-	150,420

Group	Note	Issued Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Attributable to Owners of The Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Attributable to Owners of The Company							
				Non-distributable Reserves		Distributable Reserve			
Balance as of January 1, 2013		113,853	(1,052)	2,687	237	34,695	150,420	-	150,420
Profit for the financial year		-	-	-	-	27,462	27,462	-	27,462
Other comprehensive income for the financial year, net of income tax		-	-	-	(425)	-	(425)	-	(425)
Total comprehensive income for the financial year		-	-	-	(425)	27,462	27,037	-	27,037
Transactions with owners:									
Dividends paid to owners of the Company	24	-	-	-	-	(16,479)	(16,479)	-	(16,479)
Share buy-back	20	-	(3,343)	-	-	-	(3,343)	-	(3,343)
Disposal of treasury shares	20, 21	-	4,228	223	-	-	4,451	-	4,451
Total transactions with owners		-	885	223	-	(16,479)	(15,371)	-	(15,371)
Balance as of December 31, 2013		113,853	(167)	2,910	(188)	45,678	162,086	-	162,086

Company	Note	Issued Capital RM'000	Treasury Shares RM'000	Non-distributable Reserve Share Premium RM'000	Distributable Reserve Retained Earnings RM'000	Total Equity RM'000
Balance as of January 1, 2012		75,902	(3,333)	2,358	55,462	130,389
Total comprehensive income for the financial year		-	-	-	24,181	24,181
Transactions with owners:						
Payment of dividends	24	-	-	-	(14,178)	(14,178)
Bonus shares	20	37,951	-	-	(37,951)	-
Share buy-back	20	-	(2,369)	-	-	(2,369)
Disposal of treasury shares	20, 21	-	4,650	329	-	4,979
Total transactions with owners		37,951	2,281	329	(52,129)	(11,568)
Balance as of December 31, 2012		113,853	(1,052)	2,687	27,514	143,002
Balance as of January 1, 2013		**113,853**	**(1,052)**	**2,687**	**27,514**	**143,002**
Total comprehensive income for the financial year		**-**	**-**	**-**	**24,464**	**24,464**
Transactions with owners:						
Payment of dividends	24	**-**	**-**	**-**	**(16,479)**	**(16,479)**
Share buy-back	20	**-**	**(3,343)**	**-**	**-**	**(3,343)**
Disposal of treasury shares	20, 21	**-**	**4,228**	**223**	**-**	**4,451**
Total transactions with owners		**-**	**885**	**223**	**(16,479)**	**(15,371)**
Balance as of December 31, 2013		**113,853**	**(167)**	**2,910**	**35,499**	**152,095**

The accompanying notes form an integral part of the financial statements.

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Cash receipts from customers and other receivables		**302,650**	291,008	**283,551**	273,280
Cash paid to suppliers, employees and other payables		**(264,687)**	(245,471)	**(256,208)**	(234,891)
Cash generated from operations		**37,963**	45,537	**27,343**	38,389
Interest received		**14**	42	**9**	11
Interest paid		**(582)**	(318)	**(578)**	(280)
Tax paid		**(8,502)**	(5,859)	**(8,230)**	(4,590)
Net Cash From Operating Activities		**28,893**	39,402	**18,544**	33,530
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Interest received		**86**	115	**70**	96
Dividend income from a subsidiary		**-**	-	**-**	522
Acquisition of a subsidiary		**-**	#	**-**	#
Acquisition of interests of non-controlling interests		**-**	(5,199)	**-**	(5,199)
Expenditure on land held for property development		**-**	(9)	**-**	-
Purchase of property, plant and equipment	10	**(34,701)**	(19,776)	**(34,741)**	(19,585)
Proceeds from disposal of property, plant and equipment		**154**	253	**120**	220
Net Cash Used In Investing Activities		**(34,461)**	(24,616)	**(34,551)**	(23,946)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Share buy-back	20	(3,343)	(2,369)	(3,343)	(2,369)
Proceeds from disposal of treasury shares		4,451	4,979	4,451	4,979
Drawdown of term loans		15,305	5,213	15,305	5,213
Repayment of term loans		(5,911)	(4,938)	(5,911)	(4,938)
Dividends paid to owners of the Company	24	(16,479)	(14,178)	(16,479)	(14,178)
Dividends paid to non-controlling shareholders		-	(170)	-	-
Interest paid		(499)	(548)	(499)	(548)
Proceeds from/(Repayment of) short-term borrowings (net)		20,972	(5,937)	20,972	(5,937)
Repayment from a subsidiary		-	-	8,000	5,000
Advances to subsidiaries		-	-	(35)	(4)
Repayment of finance leases		(265)	(271)	(265)	(271)
Net Cash From/(Used In) Financing Activities		14,231	(18,219)	22,196	(13,053)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		8,663	(3,433)	6,189	(3,469)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		4,796	8,215	3,299	6,768
Effect of exchange differences		(1)	14	-	-
		4,795	8,229	3,299	6,768
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	25	13,458	4,796	9,488	3,299

# Denotes RM2

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 subsidiaries and an associate are as disclosed in Notes 12 and 13 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company, its subsidiaries and an associate 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 28, 2014 for issuance.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB") and the Companies Act 1965 in Malaysia.

(b) Basis of measurement

Unless otherwise stated, the accounting policies in Note 3 to the financial statements 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 of the Company have been prepared under the historical cost convention.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM'000 except when otherwise stated.

(d) FRSs

In the current financial year, the Group and the Company adopted the following revised FRS issued by the MASB that is relevant to their operations and mandatory for financial periods beginning on or after January 1, 2013:

FRSs, Revised FRSs and Amendments to FRSs

FRS 10	Consolidated Financial Statements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits (Revised)
FRS 127	Separate Financial Statements (Revised)
FRS 128	Investment in Associates and Joint Ventures (Revised)
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10 & FRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income
Amendment to FRS 101	Presentation of Financial Statements [Improvements to FRSs (2012)]
Amendment to FRS 116	Property, Plant and Equipment [Improvements to FRSs (2012)]
Amendment to FRS 132	Financial Instruments: Presentation [Improvements to FRSs (2012)]
Amendment to FRS 134	Interim Financial Reporting [Improvements to FRSs (2012)]

The adoption of the FRSs, revised FRSs and amendments to FRSs does not have significant financial impact on the financial statements of the Group and of the Company.

Standards Issued But Not Yet Effective

(i) Malaysian Financial Reporting Standards ("MFRS")

On November 19, 2011, the MASB issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual financial periods beginning on or after January 1, 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, 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 financial periods beginning on or after January 1, 2013. On July 4, 2012, the MASB has decided to allow Transitioning Entities to defer the adoption of the MFRS Framework for another year. The MFRS Framework will therefore be mandated for all companies for annual financial periods beginning on or after January 1, 2014. On August 7, 2013, the MASB has decided to extend the transitional period for another year, i.e. the adoption of the MFRS Framework by all entities for annual financial periods beginning on or after January 1, 2015.

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 and accordingly, the Group will be required to prepare its first set of financial statements using the MFRS Framework for the financial year ending December 31, 2015.

The three subsidiaries which are not Transitioning Entities had adopted MFRS on January 1, 2012.

(ii) FRSs, IC Interpretations ("IC Int.") and Amendments to FRSs

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

		Effective for Financial Periods Beginning On or After
Amendments to FRS 10/ FRS 12 and FRS 127	Investment Entities	January 1, 2014
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	January 1, 2014
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets (Amendments to FRS 136)	January 1, 2014
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014

		Effective for Financial Periods Beginning On or After
IC Int. 21	Levies	January 1, 2014
Amendments to FRS 119	Defined Benefit Plans: Employee Contributions	July 1, 2014
Annual Improvements to FRSs 2010 - 2012 Cycle		July 1, 2014
Annual Improvements to FRSs 2011 - 2013 Cycle		July 1, 2014
FRS 9	Financial Instruments(International Financial Reporting Standards ("IFRS") 9 issued by International Accounting Standards Board ("IASB") in November 2009)	To be announced by the MASB
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced by the MASB
Amendments to FRS 9 (IFRS 9(2009), IFRS 9(2010) & FRS 7	Mandatory Effective Date of FRS 9 and Transition Disclosures [(IFRS 9 issued by IASB in November 2009 and October 2010) and FRS 7]	To be announced by the MASB
FRS 9 (IFRS 9 (2013)	Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139)	To be announced by the MASB

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) 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 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.

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

(b) 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 RM, 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 operation for which settlement is neither planned nor likely to occur, which form part of the net investment in the foreign operation, 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 RM 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 operations are disposed.

(c) Income tax expense

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 financial year. Taxable profit differs from profit as reported in the statements of profit or loss and other 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 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. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

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 subsidiaries intend to settle their current tax assets and liabilities on a net basis.

(d) Goods and services tax ("GST")

The Group's sale of goods in Australia is subjected to GST at the applicable rate of 10% for Australia domestic sales. Input GST on purchases can be deducted from output GST.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating activities.

(e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to December 31, 2013.

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by 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 at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in 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.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(f) Property, plant and equipment

All property, plant and equipment are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use and cost of replacing component parts of the assets. The carrying amount of the replaced part is derecognised. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Depreciation of property, plant and equipment, except for capital work-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. Freehold land with an infinite life is not depreciated. Leasehold land is amortised over a 99-year period. The annual depreciation rates of other property, plant and equipment are as follows:

Buildings	2% - 10%
Plant and machinery	6.67% - 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) 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) to the financial statements.

(iii) Operating leases

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

(h) 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.

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.

(i) Investments in subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in unquoted shares of subsidiaries, 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.

(j) Investment in an associate

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies.

Investment in an associate 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 associate. The Group's share of the net profit or loss of the associate is recognised in the profit or loss.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. 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 associate.

The results of the associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Any excess of the Group's share of the net fair value of the associate'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 associate's profit or loss in the period in which the investment is acquired.

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

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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.

(k) 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 and vacant land 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. Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money, if material, less costs to completion, where applicable and the estimated costs to sale. The cost of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold.

(l) 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.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition of a qualifying asset are capitalised as part of the cost of the asset during the period of time that is necessary to complete and prepare the asset for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are interrupted or completed.

All other borrowing costs are expensed in the period in which they are incurred.

(n) Employee benefits

(i) Short-term employee benefits

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.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting date.

(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. The Group's foreign subsidiary also makes contributions to its country's statutory pension schemes.

(iii) Long-term employee benefits

Long-term employee benefits include long service leave. Long service leave that is expected to be settled within one year has been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Long service leave payable later than one year has been measured at the present value of the estimated future cash flows to be made at the reporting date.

The Group's foreign subsidiary employees are entitled to long service leave in accordance to its country's statutory employment laws.

(o) 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 the 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.

(p) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(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, held-to-maturity investments, available-for-sale 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 financial liabilities at fair value through profit or loss, other financial liabilities measured at amortised cost using the effective interest method and financial guarantee contracts.

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.

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 fair value through profit or loss, 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 impairment loss account. When a trade receivable is considered uncollectible, it is written off against the impairment loss account. Subsequent recoveries of amounts previously written off are credited in the profit or loss.

(s) Derivative financial instruments

The Group and the Company use foreign currency forward contracts to manage the risk associated with sale 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 and the Company's policy not to trade in derivative financial instruments. Details of foreign currency forward contracts entered into by the Group and the Company are recorded as derivative financial assets and disclosed under Note 18 to the financial statements.

(t) Equity instruments

(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) Share premium

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

(iv) 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) Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the equity.

The consideration paid, including directly attributable costs and premium or discount arising from the share repurchased, should be adjusted directly to the share premium account.

When the treasury shares are disposed of subsequently, the difference between the sales consideration net of directly attributable cost and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(v) 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.

(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.

(x) Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(i) A person or a close member of that person's family is related to the Group if that person:

- (1) has control or joint control over the Group;
- (2) has significant influence over the Group; or
- (3) is a member of the key management personnel of the holding company of the Group, or the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

- (1) the entity and the Group are members of the same group.
- (2) one entity is an associate or joint venture of the other entity.
- (3) both entities are joint ventures of the same third party.
- (4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (5) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (6) the entity is controlled or jointly-controlled by a person identified in (i) above.
- (7) a person identified in (i)(1) above which has significant influence over the entity or is a member of the key management personnel of the entity (or the parent of the entity).

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 to the financial statements, 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:

Useful lives of depreciable property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets to be between two to ninety nine years, depending on the categories of the property, plant and equipment, as disclosed in Note 3(f) to the financial statements. Technological advancements could impact the useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The total carrying amount of the property, plant and equipment as of the end of the financial year is disclosed in Note 10 to the financial statements.

Management anticipates that the expected useful lives of the property, plant and equipment would not have material difference from their estimates and hence it would not result in material variance in the Group's and the Company's profit for the financial year.

5. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Manufacturing and marketing of flexible packaging materials	301,135	275,769	292,677	270,165
Sales of completed property units	2,997	2,983	-	-
Property development revenue	6,168	-	-	-
	310,300	278,752	292,677	270,165

6. FINANCE COSTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense on:				
Term loans	468	502	468	502
Bank overdrafts	16	39	12	1
Bankers' acceptances	566	279	566	279
Others	31	46	31	46
	1,081	866	1,077	828

7. PROFIT BEFORE TAX

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Employee benefits expenses:				
- Salaries and other emoluments	30,409	30,457	28,368	28,193
- Defined contribution plans	2,418	2,623	2,205	2,408
Depreciation of property, plant and equipment	9,490	8,902	9,454	8,846
Foreign exchange (gain)/loss:				
- Realised	(225)	263	(225)	263
- Unrealised	303	(33)	310	(33)
Reversal of impairment loss on trade receivables	-	(5)	-	(5)
Bad debt written off	-	8	-	-
Audit fee	143	139	81	76
Property, plant and equipment:				
- Gain on disposal	(130)	(152)	(119)	(153)
- Write-offs	51	1,196	42	1,183
Rental of premises	783	762	379	281
Rental of equipment	300	230	300	230
Interest income	(100)	(157)	(79)	(107)
Dividend income from a subsidiary	-	-	-	(522)

Directors' remuneration

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration:				
- Executive				
Salaries and other emoluments	2,801	2,620	1,871	1,975
Defined contribution plans	455	425	330	338
- Non executive				
Fees	137	113	137	113
Other emoluments	177	139	177	139
	3,570	3,297	2,515	2,565

The estimated monetary value of benefits-in-kind received by the directors of the Company during the financial year amounted to RM45,000 (2012: RM46,000).

8. INCOME TAX EXPENSE

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Current				
- Malaysian tax	7,268	7,809	7,034	7,716
- Foreign tax	535	460	-	-
Under provision in prior years	83	257	81	256
	7,886	8,526	7,115	7,972
Deferred tax (Note 14):				
Current year	890	452	680	525
Over/(Under) provision in prior year	136	(77)	136	(76)
	1,026	375	816	449
	8,912	8,901	7,931	8,421

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:

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Profit before tax	36,374	33,921	32,395	32,602
Tax at the statutory income tax rate of 25% (2012: 25%)	9,094	8,480	8,099	8,151
Effect of different tax rate of a subsidiary operating in other jurisdictions	86	77	-	-
Effects of tax incentives and income not subject to tax				
- tax exempt dividends from a subsidiary	-	-	-	(130)
- utilisation of exemption on value of export from new market	(591)	-	(591)	-
- others	(62)	(57)	(62)	(57)
Effects of expenses not deductible in determining taxable profit	271	304	268	277
Share of an associate's tax	(105)	(83)	-	-
Over/(Under) provision of deferred tax in prior year	136	(77)	136	(76)
Under provision of income tax expense in prior years	83	257	81	256
Income tax expense for the financial year	8,912	8,901	7,931	8,421

9. EARNINGS PER ORDINARY SHARE

The basic earnings per ordinary share is calculated by dividing the Group's profit for the financial 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 financial year.

	Group	
	2013	**2012**
Profit for the financial year attributable to owners of the Company (RM'000)	**27,462**	24,641
Weighted average number of ordinary shares in issue ('000)		
Issued ordinary shares as of January 1	**113,853**	113,853
Effect of treasury shares held	**(282)**	(512)
Weighted average number of ordinary shares as of December 31	**113,571**	113,341
Basic earnings per ordinary share (sen)	**24.18**	21.74

Diluted earnings per ordinary share are not presented as there are no dilutive potential ordinary shares outstanding during the financial year.

10. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Equipment, furniture, fixtures and fittings RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
Balance as of January 1, 2012	7,036	26,455	137,511	3,922	6,376	-	181,300
Additions	-	4,860	13,587	575	754	-	19,776
Disposals	-	-	(5,102)	(242)	(17)	-	(5,361)
Write-offs	-	(1,288)	(4,358)	-	(161)	-	(5,807)
Currency translation difference	-	-	(1)	(3)	(1)	-	(5)
Balance as of December 31, 2012/ January 1, 2013	7,036	30,027	141,637	4,252	6,951	-	189,903
Additions	**2,851**	**445**	**10,072**	**84**	**462**	**20,787**	**34,701**
Disposals	**-**	**-**	**(56)**	**(416)**	**(19)**	**-**	**(491)**
Write-offs	**-**	**(41)**	**(173)**	**-**	**(49)**	**-**	**(263)**
Currency translation difference	**-**	**-**	**(7)**	**(27)**	**(6)**	**-**	**(40)**
Balance as of December 31, 2013	**9,887**	**30,431**	**151,473**	**3,893**	**7,339**	**20,787**	**223,810**

Group	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Equipment, furniture, fixtures and fittings RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation							
Balance as of January 1, 2012	1,078	5,602	93,308	2,207	3,792	-	105,987
Charge for the financial year	74	555	7,101	603	569	-	8,902
Disposals	-	-	(5,040)	(208)	(12)	-	(5,260)
Write-offs	-	(331)	(4,140)	-	(140)	-	(4,611)
Currency translation difference	-	-	-	(1)	(1)	-	(2)
Balance as of December 31, 2012/ January 1, 2013	1,152	5,826	91,229	2,601	4,208	-	105,016
Charge for the financial year	**74**	**612**	**7,613**	**570**	**621**	**-**	**9,490**
Disposals	**-**	**-**	**(56)**	**(393)**	**(18)**	**-**	**(467)**
Write-offs	**-**	**(1)**	**(164)**	**-**	**(47)**	**-**	**(212)**
Currency translation difference	**-**	**-**	**(3)**	**(11)**	**(4)**	**-**	**(18)**
Balance as of December 31, 2013	**1,226**	**6,437**	**98,619**	**2,767**	**4,760**	**-**	**113,809**
Net Carrying Amount							
As of December 31, 2012	5,884	24,201	50,408	1,651	2,743	-	84,887
As of December 31, 2013	**8,661**	**23,994**	**52,854**	**1,126**	**2,579**	**20,787**	**110,001**

Company	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Equipment, furniture, fixtures and fittings RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
Balance as of January 1, 2012	7,036	26,455	137,393	3,715	6,261	-	180,860
Additions	-	4,860	13,587	394	744	-	19,585
Disposals	-	-	(5,102)	(187)	(17)	-	(5,306)
Write-offs	-	(1,288)	(4,341)	-	(120)	-	(5,749)
Balance as of December 31, 2012/ January 1, 2013	7,036	30,027	141,537	3,922	6,868	-	189,390
Additions	**2,851**	**445**	**10,116**	**84**	**458**	**20,787**	**34,741**
Disposals	**-**	**-**	**(56)**	**(278)**	**(19)**	**-**	**(353)**
Write-offs	**-**	**(41)**	**(147)**	**-**	**(31)**	**-**	**(219)**
Balance as of December 31, 2013	**9,887**	**30,431**	**151,450**	**3,728**	**7,276**	**20,787**	**223,559**

Company	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Equipment, furniture, fixtures and fittings RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation							
Balance as of January 1, 2012	1,078	5,602	93,272	2,082	3,716	-	105,750
Charge for the financial year	74	555	7,091	565	561	-	8,846
Disposals	-	-	(5,040)	(187)	(12)	-	(5,239)
Write-offs	-	(331)	(4,133)	-	(102)	-	(4,566)
Balance as of December 31, 2012/ January 1, 2013	1,152	5,826	91,190	2,460	4,163	-	104,791
Charge for the financial year	**74**	**612**	**7,607**	**546**	**615**	**-**	**9,454**
Disposals	**-**	**-**	**(56)**	**(278)**	**(18)**	**-**	**(352)**
Write-offs	**-**	**(1)**	**(147)**	**-**	**(29)**	**-**	**(177)**
Balance as of December 31, 2013	**1,226**	**6,437**	**98,594**	**2,728**	**4,731**	**-**	**113,716**
Net Carrying Amount							
As of December 31, 2012	5,884	24,201	50,347	1,462	2,705	-	84,599
As of December 31, 2013	**8,661**	**23,994**	**52,856**	**1,000**	**2,545**	**20,787**	**109,843**

Included in the total net carrying amount of land are:

	Group and Company 2013 RM'000	Group and Company 2012 RM'000
Freehold land	**2,851**	-
Leasehold land with unexpired lease period of more than 50 years	**5,810**	5,884
	8,661	5,884

Motor vehicles of the Group and of the Company with aggregate net carrying amount of RM506,000 (2012: RM822,000) as of December 31, 2013 were acquired through finance leases.

11. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Property development costs RM'000	Total RM'000
As of January 1, 2012	2,322	3,507	2,071	7,900
Addition during the financial year	-	-	9	9
Transfer to inventories (Note 15)	-	(3,507)	(1,595)	(5,102)
As of December 31, 2012/ December 31, 2013	**2,322**	**-**	**485**	**2,807**

12. INVESTMENTS IN SUBSIDIARIES

	Company 2013 RM'000	Company 2012 RM'000
Unquoted shares - at cost	7,199	7,199

Details of the direct subsidiaries are as follows:

Name of companies	Country of incorporation	Effective percentage ownership 2013	Effective percentage ownership 2012	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 Flexibles Sdn. Bhd. (formerly known as Daibochi Holdings Sdn. Bhd.)	Malaysia	**100%**	100%	Dormant
Daibochi Australia Pty. Ltd. *	Australia	**100%**	100%	Importing and marketing of packaging materials

* Subsidiary audited by member firm of Grant Thornton International Ltd.

Acquisition in the previous financial year:

(a) Acquisition of non-controlling interests

On June 8, 2012 and December 3, 2012, the Company acquired an additional 49% equity interest in Daibochi Australia Pty. Ltd., an existing subsidiary of the Company for a total cash consideration amounting to Australian Dollar 1,650,000 (equivalent to RM5,199,000). As a result of this acquisition, Daibochi Australia Pty. Ltd. became a wholly-owned subsidiary of the Company.

The following summarises the effect of the change in the Group's ownership interest in Daibochi Australia Pty. Ltd. on the equity attributable to owners of the Company:

	RM'000
Consideration paid for acquisition of non-controlling interests	5,199
Decrease in equity attributable to non-controlling interests	(2,374)
Decrease in equity attributable to owners of the Company	2,825

(b) Acquisition of a new wholly-owned subsidiary

On November 22, 2012, the Company acquired 2 ordinary shares of RM1 each representing 100% of the total issued and paid-up share capital of Daibochi Holdings Sdn. Bhd. for a cash consideration of RM2. Daibochi Holdings Sdn. Bhd. has been a dormant company since its incorporation.

The fair value of the identifiable liabilities and the effect of net cash of the acquired subsidiary as of the date of acquisition were as follows:

	RM'000
Other payable and accrued expenses	(31)
Amount payable to a related party	(16)
Total identifiable liabilities	(47)
Goodwill	47
Total consideration for equity interests acquired	#

\# Denotes RM2

Goodwill arising from the acquisition has been written off to the profit or loss during the financial year.

13. INVESTMENT IN AN ASSOCIATE

	Group 2013 RM'000	Group 2012 RM'000
Unquoted shares - at cost	**22,568**	22,568
Share of post-acquisition profit	**1,188**	768
	23,756	23,336

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

	Group 2013 RM'000	Group 2012 RM'000
Share of net tangible assets - at fair value	**23,487**	23,067
Goodwill	**269**	269
	23,756	23,336

Details of the associate which is incorporated in Malaysia are as follows:

Name of company	Effective percentage ownership 2013	Effective percentage ownership 2012	Principal activities
Skyline Resources (M) Sdn. Bhd. *	**36.32%**	36.32%	Property development, contract construction works and property investments

* Associate not audited by Messrs. SJ Grant Thornton.

Summarised financial information in respect of the associate is as follows:

	2013 RM'000	2012 RM'000
Assets and liabilities		
Current assets	**59,994**	54,083
Non-current assets	**25,280**	34,163
Total Assets	**85,274**	88,246
Current liabilities	**31,301**	38,128
Non-current liabilities	**207**	11
Total Liabilities	**31,508**	38,139
Results		
Revenue	**33,527**	18,427
Profit for the financial year	**3,659**	1,756

The Group's share of profit of the associate amounting to RM420,000 (2012: RM331,000) is after taking into consideration the amount of RM909,000 (2012: RM307,000) being the realisation of the revaluation surplus arising from the revaluation of the associate's development land prior to the acquisition of the associate.

14. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deferred tax assets	60	43	-	-
Deferred tax liabilities	(8,270)	(7,224)	(8,738)	(7,922)
	(8,210)	(7,181)	(8,738)	(7,922)
As of January 1	(7,181)	(6,805)	(7,922)	(7,473)
Currency translation difference	(3)	(1)	-	-
Recognised in profit or loss (Note 8)	(1,026)	(375)	(816)	(449)
As of December 31	(8,210)	(7,181)	(8,738)	(7,922)

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deferred tax assets				
Others	60	43	-	-
Deferred tax liabilities				
Property, plant and equipment	9,256	8,450	9,256	8,450
Others	(986)	(1,226)	(518)	(528)
	8,270	7,224	8,738	7,922

15. INVENTORIES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Raw materials	25,140	19,760	25,140	19,760
Work-in-progress	14,012	10,291	14,012	10,291
Finished goods	15,749	16,388	12,111	11,217
Consumables	1,704	1,553	1,704	1,553
Completed property units	744	2,365	-	-
Transfer from land held for property development (Note 11)	-	5,102	-	-
	57,349	55,459	52,967	42,821
Recognised in profit or loss:				
Inventories recognised as cost of sales	195,359	165,815	187,150	166,351
Inventories write-down	1,143	1,383	925	1,186
Reversal of inventories write-down	(1,149)	(878)	(1,102)	(752)

The write-down and reversal are included in cost of sales.

16. TRADE AND OTHER RECEIVABLES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Trade receivables	66,525	56,929	59,182	50,613
Other receivables	283	300	283	300
Prepayments	5,816	3,441	5,777	3,395
Deposits	220	239	133	127
	72,844	60,909	65,375	54,435

Of the trade receivables balance as of December 31, 2013, RM23,237,000 (2012: RM27,619,000) 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:

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Neither past due nor impaired	54,964	48,551	48,186	42,717
Past due but not impaired:				
1 month	8,575	6,424	8,121	6,244
2 months	1,912	1,498	1,869	1,224
3 months	472	327	411	327
More than 3 months	602	129	595	101
	11,561	8,378	10,996	7,896
Total trade receivables, net	66,525	56,929	59,182	50,613

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company. None of the terms for the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The movement in the impairment loss account is as follows:

	Group and Company 2013 RM'000	2012 RM'000
As of January 1	-	5
Reversal during the financial year	-	(5)
As of December 31	-	-

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	38,148	35,747	38,148	35,500
United States Dollar	15,551	15,009	15,551	15,009
Australian Dollar	7,343	6,069	-	-
Thai Baht	5,482	99	5,482	99
Singapore Dollar	1	5	1	5
	66,525	56,929	59,182	50,613

17. AMOUNTS RECEIVABLE FROM SUBSIDIARIES AND PAYABLE TO A SUBSIDIARY

Amounts receivable from subsidiaries/amount payable to a subsidiary which are eliminated on consolidation, arose mainly from trade transactions, advances and expenses paid on behalf are unsecured, interest free and repayable on demand, except for the trade transactions which are repayable within the normal trade terms of 90 days (2012: 90 days). The Company does not have any amount overdue from the subsidiary and accordingly, the analysis of ageing of past due but not impaired has not been presented.

The currency exposure profile of amounts receivable from subsidiaries is as follows:

	Company 2013 RM'000	2012 RM'000
Ringgit Malaysia	15,079	23,045
Australian Dollar	8,946	8,855
	24,025	31,900

The amount payable to a subsidiary is denominated in Ringgit Malaysia.

18. DERIVATIVE FINANCIAL ASSETS

Derivative financial instruments are carried at fair value through profit or loss.

	Group and Company	
	2013 RM'000	2012 RM'000
Foreign currency forward contracts:		
Australian Dollar	118	11

19. SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short-term deposits with a licenced bank	3,987	2,668	2,369	1,386
Housing Development Account with a licenced bank	-	164	-	-
Cash and bank balances	9,682	4,618	7,330	4,567
	13,669	7,450	9,699	5,953

During the financial year, short-term deposits of the Group and of the Company with a licenced bank earn interest at rates ranging from 1.60% to 2.25% (2012: 1.60% to 2.25%) per annum and have maturity periods ranging from 1 to 5 days (2012: 1 to 7 days).

The Housing Development Account is 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. On December 10, 2013, the account has been closed due to the completion of the property development project.

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	6,999	6,075	5,346	4,593
United States Dollar	4,358	1,360	4,352	1,360
Australian Dollar	2,312	15	1	-
	13,669	7,450	9,699	5,953

20. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2013	2012	2013	2012
	'000	'000	RM'000	RM'000
Share capital				
Authorised:				
As of January 1/December 31	**200,000**	200,000	**200,000**	200,000
Issued and fully paid:				
As of January 1	**113,853**	75,902	**113,853**	75,902
Bonus shares	**-**	37,951	**-**	37,951
As of December 31	**113,853**	113,853	**113,853**	113,853
Treasury shares				
As of January 1			**(1,052)**	(3,333)
Share buy-back			**(3,343)**	(2,369)
Disposal of treasury shares			**4,228**	4,650
As of December 31			**(167)**	(1,052)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

During the financial year, the Company repurchased 1,067,900 (2012: 913,400) of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of the shares was RM3,342,388 (2012: RM2,369,595) 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 RM3.13 (2012: RM2.59). The Company had also disposed of 1,438,000 (2012: 1,772,800) treasury shares valued at RM3.10 (2012: RM2.81) for a total net consideration of RM4,450,798 (2012: RM4,979,363) in the open market, resulting in a surplus of RM222,894 (2012: RM329,134) which has been credited to the share premium account.

The Company held 46,200 (2012: 416,300) treasury shares out of its 113,852,496 (2012: 113,852,496) issued ordinary shares. The treasury shares are held in accordance with Section 67A of the Companies Act 1965 at a carrying amount of RM166,813 (2012: RM1,052,330).

21. RESERVES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-distributable reserves:				
Share premium	2,910	2,687	2,910	2,687
Translation reserve	(188)	237	-	-
Distributable reserve:				
Retained earnings	45,678	34,695	35,499	27,514
	48,400	37,619	38,409	30,201

Share premium	Group and Company	
	2013 RM'000	2012 RM'000
As of January 1	2,687	2,358
Disposal of treasury shares	223	329
As of December 31	2,910	2,687

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

Translation reserve	Group	
	2013 RM'000	2012 RM'000
As of January 1	237	233
Exchange differences arising on translation of foreign operation	(425)	4
As of December 31	(188)	237

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

Retained earnings

Subject to agreement by Inland Revenue Board, the Company has tax exempt account to frank the payment of dividend up to approximately RM12,005,000 of its entire retained earnings as of December 31, 2013.

The Finance Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as of December 31, 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on December 31, 2013, whichever is earlier. 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.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-current:				
Provision	75	60	-	-
Current:				
Trade payables	36,657	30,992	36,209	30,430
Other payables	4,345	2,773	4,137	2,483
Accrued expenses	9,488	10,725	8,236	9,815
Provision	57	47	-	-
Deposits payable	44	103	3	3
	50,591	44,640	48,585	42,731

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. Included in the Group's trade payables are retention sums payable to subcontractors amounting to RM175,000 (2012: RM256,000). 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.

Provisions comprise provision for annual and long service leave. The movement in the provisions account is as follows:

	Group	
	2013 RM'000	2012 RM'000
As of January 1	107	112
Provisions made during the financial year	35	161
Utilised during the financial year	-	(85)
Payment made during the financial year	-	(80)
Currency translation difference	(10)	(1)
As of December 31	132	107

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	30,165	26,088	29,990	25,832
United States Dollar	6,039	4,452	6,039	4,452
Australian Dollar	273	306	-	-
Other currencies	180	146	180	146
	36,657	30,992	36,209	30,430

23. LOANS AND BORROWINGS

Group and Company	Non-current RM'000	Current RM'000	Total RM'000
2013			
Secured finance lease liabilities	218	279	497
Unsecured term loans	11,328	10,156	21,484
Unsecured bankers' acceptances	-	35,534	35,534
Unsecured bank overdrafts (Note 25)	-	211	211
	11,546	46,180	57,726
2012			
Secured finance lease liabilities	497	265	762
Unsecured term loans	6,548	5,541	12,089
Unsecured bankers' acceptances	-	14,562	14,562
Unsecured bank overdrafts (Note 25)	-	2,654	2,654
	7,045	23,022	30,067

The Group's and Company's finance leases are secured by the financial institutions' charge over the assets under finance lease.

The term loans and credit facilities of the Group and of the Company have a negative pledge over all the Company's assets except for the bank overdraft facility of a subsidiary which is secured under a Standby Letter of Credit for Australian Dollar 500,000 (equivalent to RM1,471,000) (2012: RM1,597,000).

Finance lease liabilities

The non-current portion is repayable as follows:

Group and Company	Future minimum lease payments RM'000	Interest RM'000	Future minimum lease payments RM'000
2013			
Later than one year but not later than five years	224	6	218
2012			
Later than one year but not later than five years	521	24	497

The currency exposure profile of loans and borrowings of the Group and of the Company is as follows:

	Group and Company 2013 RM'000	Group and Company 2012 RM'000
Ringgit Malaysia	**41,875**	17,215
United States Dollar	**15,851**	12,852
	57,726	30,067

24. DIVIDENDS

	Group and Company 2013 RM'000	Group and Company 2012 RM'000
Fourth interim tax exempt dividend for 2012 of 3.5%, paid on April 12, 2013 (2012: 4.0% tax exempt for 2011, paid on March 23, 2012)	**3,977**	2,992
First interim tax exempt dividend for 2013 of 4.0%, paid on June 7, 2013 (2012: 3.5% tax exempt, paid on June 8, 2012)	**4,553**	2,654
Second interim tax exempt dividend for 2013 of 3.0%, paid on September 27, 2013 (2012: 6.0% tax exempt, paid on September 7, 2012)	**3,397**	4,554
Third interim tax exempt dividend for 2013 of 4.0%, paid on December 19, 2013 (2012: 3.5% tax exempt, paid on December 7, 2012)	**4,552**	3,978
	16,479	14,178

On February 20, 2014, the directors declared a fourth interim single tier dividend of 4.0%, amounting to RM4,552,008 in respect of the financial year ended December 31, 2013 which will be paid on March 28, 2014. The financial statements do not reflect this dividend declared after December 31, 2013, which will be accounted for as an appropriation of retained earnings in the financial year ending December 31, 2014.

The directors do not recommend the payment of any final dividend in respect of the financial year ended December 31, 2013.

25. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short-term deposits with a licenced bank (Note 19)	3,987	2,668	2,369	1,386
Housing Development Account with a licenced bank (Note 19)	-	164	-	-
Cash and bank balances (Note 19)	9,682	4,618	7,330	4,567
Bank overdrafts (Note 23)	(211)	(2,654)	(211)	(2,654)
	13,458	4,796	9,488	3,299

26. RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Subsidiaries				
Daibochi Australia Pty. Ltd.				
- Sales of goods	-	-	32,510	35,988
- Purchase of property, plant and equipment	-	-	45	-
- Dividend income (tax exempt)	-	-	-	522
Daibochi Land Sdn. Bhd.				
- Sales of printing related job	-	-	-	36
- Repayment of advances	-	-	8,000	5,000

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Associate				
Skyline Resources (M) Sdn. Bhd.				
- Management fee	185	-	-	-
Directors				
James Edwin & Co.@				
- Legal fee	18	24	18	24
Mitsupac Sdn. Bhd. *				
- Sales of printing related job	-	108	-	108
Other related parties				
Unibic Australia Pty. Ltd. ^				
- Sales of goods	-	217	-	-
Modern Baking Pty. Ltd.^				
- Sales of goods	-	1,068	-	-
Z Essence Sdn. Bhd. #				
- Acquisition of industrial land	2,736	-	2,736	-

@ A firm in which a director is a member for services rendered in a professional capacity.
* A company in which certain directors have control.
^ A subsidiary's former director/(s) related entity.
# A company owned by certain directors' family members.

Compensation of key management personnel

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	1,768	2,477	1,768	2,032
Defined contribution plans	283	327	283	300
	2,051	2,804	2,051	2,332

27. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financial assets				
Derivative financial assets	118	11	118	11
Loans and receivables:				
Trade and other receivables	66,808	57,229	59,465	50,913
Deposits	220	239	133	127
Amounts receivable from subsidiaries	-	-	24,025	31,900
Short-term deposits, cash and bank balances	13,669	7,450	9,699	5,953
Financial liabilities				
Other financial liabilities measured at amortised cost:				
Trade and other payables	50,666	44,700	48,585	42,731
Loans and borrowings	57,726	30,067	57,726	30,067
Amount payable to a subsidiary	-	-	394	394

Financial Risk Management Objectives and Policies

The operations of the Group and of 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 of the Company.

(a) Market risk

The Group and the Company enter into derivative financial 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 Notes 27(b) and 27(c) to the financial statements.

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.

	Profit or loss	
	2013	2012
Group and Company	RM'000	RM'000
United States Dollar	70	12
Australian Dollar	(272)	(189)
Thai Baht	(274)	-
Other currencies	7	3
	(469)	(174)

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 foreign currency forward 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
2013				
Sell Australian Dollar				
- Less than 1 year	3.021	1,200	3,625	3,507
2012				
Sell Australian Dollar				
- Less than 1 year	3.180	1,600	5,088	5,077

(c) Interest rate risk

The Group and the Company are exposed to interest rate risk through the impact of rate changes on interest bearing term loans and short-term borrowings as disclosed in Note 23 to the financial statements.

Interest rate sensitivity analysis

An interest rate at the end of the 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.

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Increase/Decrease in profit or loss	±48	±30	±48	±33

(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 16 and 30 to the financial statements, 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 of the Company's financial liabilities at the end of the reporting period based on undiscounted contractual repayment obligations.

Group 2013	Contractual interest rate %	Carrying amount RM'000	Contractual cash flow RM'000	Less than 1 year RM'000	1 - 5 years RM'000
Trade and other payables	-	50,666	50,666	50,591	75
Loans and borrowings:					
Finance lease liabilities	2.53 - 3.10	497	521	297	224
Term loans	2.38 - 4.20	21,484	22,523	10,788	11,735
Bankers' acceptances	0.80 - 3.58	35,534	35,716	35,716	-
Bank overdrafts	7.10	211	211	211	-
		108,392	109,637	97,603	12,034
2012					
Trade and other payables	-	44,700	44,700	44,640	60
Loans and borrowings:					
Finance lease liabilities	2.53 - 3.10	762	818	297	521
Term loans	2.36 - 4.33	12,089	12,738	5,886	6,852
Bankers' acceptances	0.80 - 3.65	14,562	14,608	14,608	-
Bank overdrafts	7.10 - 7.35	2,654	2,654	2,654	-
		74,767	75,518	68,085	7,433
Company					
2013					
Trade and other payables	-	48,585	48,585	48,585	-
Amount payable to a subsidiary	-	394	394	394	-
Loans and borrowings:					
Finance lease liabilities	2.53 - 3.10	497	521	297	224
Term loans	2.38 - 4.20	21,484	22,523	10,788	11,735
Bankers' acceptances	0.80 - 3.58	35,534	35,716	35,716	-
Bank overdrafts	7.10	211	211	211	-
		106,705	107,950	95,991	11,959
2012					
Trade and other payables	-	42,731	42,731	42,731	-
Amount payable to a subsidiary	-	394	394	394	-
Loans and borrowings:					
Finance lease liabilities	2.53 - 3.10	762	818	297	521
Term loans	2.36 - 4.33	12,089	12,738	5,886	6,852
Bankers' acceptances	0.80 - 3.65	14,562	14,608	14,608	-
Bank overdrafts	7.10 - 7.35	2,654	2,654	2,654	-
		73,192	73,943	66,570	7,373

The finance lease liabilities and term loans of the Group and of the Company are repayable by 60 monthly instalments (2012: 36 to 60 monthly instalments) and 5 quarterly instalments to 60 monthly instalments (2012: 9 quarterly instalments to 60 monthly instalments) respectively.

(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 table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

		Fair value of financial instruments carried at fair value				
Group and Company	**Note**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Carrying amount RM'000**
2013						
Financial asset						
Foreign currency forward contracts	**18**	**-**	**118**	**-**	**118**	**118**
2012						
Financial asset						
Foreign currency forward contracts	18	-	11	-	11	11

		Fair value of financial instruments not carried at fair value				
Group and Company	**Note**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Carrying amount RM'000**
2013						
Financial liability						
Loans and borrowings	**23**	**-**	**20,572**	**-**	**20,572**	**21,981**
2012						
Financial liability						
Loans and borrowings	23	-	11,914	-	11,914	12,851

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 or indirectly.

(i) Derivatives

The fair value of forward exchange contracts is estimated between the contractual forward price and the current forward price for the residual maturity of the current contract using a market interest rate (from observable forward exchange rates at the end of the reporting period).

(ii) Non-derivatives financial liability

The fair values of finance lease liabilities and term loans are estimated using discounted cash flow analysis based on the effective interest rates.

The effective interest rates used to discount estimated cash flows, when applicable, are as follows:

	Group and Company	
	2013	**2012**
Finance lease liabilities	4.90% - 5.98%	4.90% - 5.98%
Term loans	2.41% - 4.28%	2.39% - 4.42%

Non-current provision

The carrying amount of provision for long service leave measured at the present value of the estimated future cash flows approximate its fair value.

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.

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's approach to capital management remain unchanged from 2012.

The capital structure of the Group and of the Company consists of total borrowings as detailed in Note 23 to the financial statements and equity of the Group and of the Company which are defined as issued capital, reserves and retained earnings as detailed in Notes 20 and 21 to the financial statements.

During the financial year, the Group's and the Company's strategy which was unchanged from 2012 was to maintain the gearing ratio within manageable levels. The gearing ratios as of December 31, 2013 and December 31, 2012 were as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
Total borrowings (RM'000)	**57,726**	30,067	**57,726**	30,067
Total equity (RM'000)	**162,086**	150,420	**152,095**	143,002
Gearing ratios	**0.36**	0.20	**0.38**	0.21

With respect to banking facilities that the Company has with financial institutions, the Company has to ensure that the gearing ratio does not exceed one time at all times and shall not without the prior written consent of the financial institution which consent shall not be unreasonably withheld to declare dividends which are more than 75% of the current year profit after tax.

29. FINANCIAL GUARANTEE

As of December 31, 2013, the Company has issued a RM500,000 corporate guarantee (2012: RM500,000) and a Standby Letter of Credit for Australian Dollar 500,000 (equivalent to RM1,471,000) (2012: RM1,597,000) in respect of credit facilities granted by licenced banks to its subsidiaries. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities utilised by the subsidiaries.

On January 8, 2014, the Company did not renew the Standby Letter of Credit upon its expiry as its subsidiary has decided that credit facility granted by a licenced bank is no longer required.

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 guarantee is RMNil.

30. 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.

2013	Packaging RM'000	Property Development RM'000	Eliminations RM'000	Group RM'000
Revenue	301,135	9,165	-	310,300
Results				
Segment results	36,500	929	-	37,429
Unallocated costs				(394)
Profit from operations				37,035
Finance costs	(1,081)	-	-	(1,081)
Share of results of an associate	-	420	-	420
Profit before tax				36,374
Income tax expense				(8,912)
Profit for the financial year				27,462

2012	Packaging RM'000	Property Development RM'000	Eliminations RM'000	Group RM'000
Revenue	275,769	2,983	-	278,752
Results				
Segment results	34,592	321	-	34,913
Unallocated costs				(457)
Profit from operations				34,456
Finance costs	(866)	-	-	(866)
Share of results of an associate	-	331	-	331
Profit before tax				33,921
Income tax expense				(8,901)
Profit for the financial year				25,020

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 subsidiaries. Segment assets consist primarily of property, plant and equipment, inventories, operating receivables and cash, and mainly exclude investment, tax recoverable and deferred tax assets. Segment liabilities comprise operating liabilities and exclude items such as current and deferred tax liabilities. Capital expenditure comprises additions to property, plant and equipment.

2013	Packaging RM'000	Property Development RM'000	Eliminations RM'000	Group RM'000
Assets				
Segment assets	275,465	5,230	(23,939)	256,756
Investment in an associate	-	23,756	-	23,756
Unallocated assets				92
Consolidated total assets				280,604
Liabilities				
Segment liabilities	116,036	16,291	(23,939)	108,388
Unallocated liabilities				10,130
Consolidated total liabilities				118,518
2012				
Assets				
Segment assets	231,310	12,027	(31,849)	211,488
Investment in an associate	-	23,336	-	23,336
Unallocated assets				401
Consolidated total assets				235,225
Liabilities				
Segment liabilities	82,471	24,110	(31,849)	74,732
Unallocated liabilities				10,073
Consolidated total liabilities				84,805

Other Segment Information

Other information	Packaging RM'000	Property Development RM'000	Eliminations RM'000	Group RM'000
2013				
Capital additions	34,701	-	-	34,701
Depreciation of property, plant and equipment	9,490	-	-	9,490
Interest income	79	21	-	100
2012				
Capital additions	19,776	-	-	19,776
Depreciation of property, plant and equipment	8,902	-	-	8,902
Interest income	112	45	-	157

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.

	Group 2013 RM'000	Group 2012 RM'000
Revenue		
Malaysia	269,332	237,500
Australia	40,968	41,252
	310,300	278,752
Non-current assets*		
Malaysia	112,651	87,407
Australia	157	287
	112,808	87,694

* Non-current assets do not include investment in an associate and deferred tax assets.

Information about major customers

Revenue from two major customers from the packaging segment of the Group amounted to RM131,151,000 (2012: RM131,702,000). 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.

31. COMMITMENTS

(a) Capital commitments

As of December 31, 2013, the Group and the Company have the following capital commitments in respect of the purchase of property, plant and equipment:

	Group and Company	
	2013 RM'000	2012 RM'000
Authorised and contracted for	1,781	6,201
Authorised but not contracted for	-	10,586

(b) Lease commitments

The future minimum lease payments payable under non-cancellable operating lease commitments are:

	Group and Company Future Minimum Lease Payments	
	2013 RM'000	2012 RM'000
Future minimum lease payment payables:		
Not later than 1 year	77	148
Later than 1 year but not later than 2 years	79	13
Later than 2 years but not later than 5 years	40	-
	196	161

Operating lease commitment is in respect of premises. The lease is negotiated for a term of 3 years (2012: 2 years).

32. EVENT AFTER THE FINANCIAL YEAR

On March 28, 2014, the Company incorporated a wholly-owned subsidiary in New Zealand, namely Daibochi New Zealand Limited with a paid up capital of New Zealand Dollar ("NZD") 1 comprising 1 ordinary share of NZD1.00 each.

The rationale for the incorporation is for purposes of importing and marketing of packaging materials in New Zealand.

Supplementary Information - Disclosure On Realised And Unrealised Profits Or Losses

The breakdown of retained earnings of the Group and of the Company as of 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:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings:				
- Realised	57,709	46,743	44,461	35,350
- Unrealised	(8,913)	(7,816)	(8,962)	(7,836)
	48,796	38,927	35,499	27,514
Total share of retained earnings from an associate:				
- Realised	1,184	764	-	-
- Unrealised	4	4	-	-
	49,984	39,695	35,499	27,514
Less: Consolidation adjustments	(4,306)	(5,000)	-	-
Total retained earnings	45,678	34,695	35,499	27,514

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 By Directors

The directors of **DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD.** state that, in their opinion, the financial statements set out on pages 42 to 97 are drawn up in accordance with Financial Reporting Standards and the requirements 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, 2013 and of their financial performance and the cash flows for the financial year ended on that date.

In the opinion of the directors, the supplementary information set out on page 98 which is not part of the financial statements has been compiled in accordance with the 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, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by 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 28, 2014

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 to the best of my knowledge and belief, the financial statements set out on pages 42 to 97 and the supplementary information set out on page 98 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 28th day of March, 2014.

Before me,

ONG SAN KEE
COMMISSIONER FOR OATHS

Statement Of Shareholdings *AS AT MARCH 31, 2014*

SHAREHOLDINGS

Authorised Share Capital	: RM200,000,000
Issued and Paid-up Share Capital	: RM113,852,496 comprising 113,852,496 ordinary shares of RM1.00 each
Class of shares	: Ordinary shares of RM1.00 each fully paid
Voting rights	: One vote per shareholder on a show of hands One vote per share on a poll

ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%*	No. of shares held	%*
less than 100	214	8.95	10,132	0.01
100 - 1,000	277	11.59	149,274	0.13
1,001 - 10,000	1,368	57.21	6,009,795	5.28
10,001 - 100,000	449	18.78	12,131,389	10.66
100,001 to less than 5% of issued shares	81	3.39	78,392,360	68.89
5% and above of issued shares	2	0.08	17,107,246	15.03
Total	2,391	100.00	113,800,196	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Direct interests No. of shares held	%*	Deemed interests^ No. of shares held	%*
Low Chan Tian	7,442,580	6.54	2,655,840	2.33
Lim Koy Peng	8,620,146	7.57	-	-
HSBC Nominees (Asing) Sdn Bhd - HSBC-FS I for Apollo Asia Fund Ltd	8,487,100	7.46	-	-
Datuk Wong Soon Lim	6,079,009	5.34	839,450	0.74

DIRECTORS' SHAREHOLDINGS

Name	Direct interests No. of shares held	%*	Deemed interests^ No. of shares held	%*
Low Chan Tian	7,442,580	6.54	2,655,840	2.33
Datuk Wong Soon Lim	6,079,009	5.34	839,450	0.74
Low Geoff Jin Wei	4,532,420	3.98	-	-
Lim Soo Koon	180,000	0.16	-	-
P. James Edwin A/L Louis Pushparatnam	9,420	0.01	-	-
Caroline Ang Choo Bee	6,000	0.01	27,000	0.02
Heng Fu Joe	-	-	-	-

* *Excluding a total of 52,300 shares bought back by the Company and retained as treasury shares.*
^ *Deemed interest through spouse/child*

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	8,620,146	7.57
2	HSBC Nominees (Asing) Sdn Bhd - HSBC-FS I for Apollo Asia Fund Ltd	8,487,100	7.46
3	Datin Teh Kim Hong	5,578,771	4.90
4	HSBC Nominees (Asing) Sdn Bhd - KBL Euro PB For Halley Sicav - Halley Asian Prosperity	5,537,400	4.87
5	CIMB Group Nominees (Tempatan) Sdn Bhd - Yulina Binti Baharuddin (50175 PZDM)	4,608,000	4.05
6	Low Geoff Jin Wei	4,532,420	3.98
7	Amanahraya Trustees Berhad - Public Islamic Select Treasures Fund	4,478,250	3.93
8	Low Chan Tian	4,353,480	3.83
9	Chew Soon Heng	3,518,622	3.09
10	Chua Tiang Kim	3,123,720	2.74
11	Low Chan Tian	3,089,100	2.71
12	Cimsec Nominees (Tempatan) Sdn Bhd - Bank of Singapore Ltd for Wong Soon Lim	3,000,000	2.64
13	Amanahraya Trustees Berhad - Public Islamic Opportunities Fund	2,842,850	2.50
14	Low Kim Foong	2,655,840	2.33
15	Datuk Wong Soon Lim	2,467,009	2.17
16	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (F Templeton)	2,316,700	2.04
17	Goh Thong Beng	2,022,000	1.78
18	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Morgan Stanley & Co. International PLC (IPB Client Acct.)	1,986,300	1.74
19	Public Invest Nominees (Tempatan) Sdn Bhd - Wong Yoke Fong @ Wong Nyok Fing (M)	1,727,700	1.52
20	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Mak Tian Meng (MY0343)	1,389,600	1.22
21	Tan Booi Charn	1,050,000	0.92
22	Lim Keat Sear	1,047,600	0.92
23	Lim Say Chong	900,000	0.79
24	Citigroup Nominees (Tempatan) Sdn Bhd - Cheong Siew Chyuan (470322)	750,000	0.66
25	Chew Gee Lan	680,899	0.60
26	Kenanga Nominees (Tempatan) Sdn Bhd - Mak Tian Meng	658,200	0.58
27	CIMB Group Nominees (Tempatan) Sdn Bhd - Wong Soon Lim	612,000	0.54
28	Tan Booi Charn	600,000	0.53
29	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Tan Siew Eng @ Tan Aing (MY0225)	565,000	0.50
30	Mary Anne Low Chai Yik	549,900	0.48
	Total	83,748,607	73.59

** Excluding a total of 52,300 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 carrying amount as at December 31, 2013 RM'000
Lot 7, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Land & factory buildings	2 buildings - 21 years 3 buildings - 20 years 1 building - 19 years 1 building - 18 years	2.692 hectares	Leasehold expiring on 24.05.2091	29.10.1991	13,158
Lot 3, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Land & factory buildings	1 building - 21 years 2 buildings - 18 years 1 building - 14 years 1 building - 13 years 1 building - 9 years	2.062 hectares	Leasehold expiring on 24.05.2091	03.07.1995	11,594
Lot 3531 - 3533, Jalan Bemban, Kawasan Perindustrian Jasin, 77000 Jasin, Melaka	Land & factory building	1 building - 0 year	2.120 hectares	Freehold	08.02.2013	10,774
PT 2598, Mukim of Bukit Baru, 75450 Melaka	Land & warehouse cum office building	1 building - 20 years 1 building - 3 years	0.834 hectares	Leasehold expiring on 11.05.2094	24.05.2004	5,052
GM 28, Lot 271 & 275, Mukim of Bertam, 75250 Melaka	Land held for property development	-	0.956 hectares	Freehold	30.09.2002	2,807

Form Of Proxy

CDS account no. of authorised nominee	
Number of shares held	

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)

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

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

or failing him/her THE CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us on my/our behalf at the Forty First Annual General Meeting ("AGM") of the Company, to be held at Bunga Melati Room, Level 7, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Thursday, May 29, 2014 at 11.30 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below.

AGENDA			
1. To receive the Audited Financial Statements of the Company for the financial year ended December 31, 2013 together with the reports of the Directors and Auditors thereon			
ORDINARY BUSINESS		**FOR**	**AGAINST**
2. Approval of Directors' fees	Resolution 1		
3. Re-election of Director under Article 103 - Mr. Heng Fu Joe	Resolution 2		
4. Re-election of Director under Article 103 - Mr. Low Geoff Jin Wei	Resolution 3		
5. To re-appoint retiring Auditors, Messrs S.J. Grant Thornton	Resolution 4		
SPECIAL BUSINESS		**FOR**	**AGAINST**
6. Retention of Independent Non-Executive Director pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 - Mr. P. James Edwin A/L Louis Pushparatnam	Resolution 5		
7. Authority for Directors to allot shares pursuant to Section 132D of the Companies Act, 1965	Resolution 6		
8. Proposed renewal of share buy-back authority	Resolution 7		

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

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

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

____

Signature/Common Seal

Contact No. : ______________________

Date: ______________________

NOTES: -

1. For the purpose of determining a member who shall be entitled to attend this 41st 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 May 20, 2014. Only a depositor whose name appears on the Record of Depositors as at May 20, 2014 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 (2) 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 (1) 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.

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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