Annual Report 2015

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

Contents

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty Third (43rd) Annual General Meeting ("AGM") of the Company will be held at Bunga Melati, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Thursday, May 26, 2016 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, 2015 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, 2015 amounting to RM126,000 (2014: RM116,000). (Resolution 1)

3. To re-elect Mr. P. James Edwin A/L Louis Pushparatnam who is retiring under Article 103 of the Company's Articles of Association. (Resolution 2)

4. To re-elect Datuk Wira Wong Soon Lim 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, 2016 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, subject to the passing of Ordinary Resolution 2, Mr. P. James Edwin A/L Louis Pushparatnam who has served as an Independent Director of the Company for more than nine (9) years 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 RM0.50 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 RM0.50 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 Bursa Malaysia's Listing Requirements;

(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, Bursa Malaysia's Listing Requirements 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 28, 2016

NOTES:

1. For the purpose of determining a member who shall be entitled to attend this 43rd 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 19, 2016. Only a depositor whose name appears on the Record of Depositors as at May 19, 2016 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 NOTES

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.

ORDINARY BUSINESS

(i) Resolutions 2 and 3

Article 103 of the Company's Articles of Association provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. The Directors shall retire from office at least once in three (3) years but shall be eligible for re-election. The profiles of the Directors who are standing for re-election and information on the assessments undertaken by the Nomination Committee are stated on pages 8 to 10 and 18 of the Annual Report.

(ii) Resolution 4

The Audit Committee ("AC") and the Board have considered the re-appointment of Messrs SJ Grant Thornton as Auditors of the Company based on the AC's Policy on the Suitability and Independence of the external auditors. Both the AC and the Board are satisfied with the suitability and independence of the external auditors and recommend the re-appointment of Messrs SJ Grant Thornton as Auditors of the Company.

SPECIAL BUSINESS

(i) Resolution 5

The proposed ordinary resolution 5, if passed, will allow Mr. P. James Edwin A/L Louis Pushparatnam ("Mr. James Edwin") 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.

Having considered the Nomination Committee's assessment, the Board is confident and firmly believes that Mr. James Edwin's length of service on the Board has not in any way compromised/ interfered with his independence and ability to act in the best interest of the Company and its shareholders. He continues to exercise independent qualities, provides objective judgment and effective check and balance to the Board's decision making process. Mr. James Edwin has consistently devoted sufficient time and attention and exercised due care and diligence in carrying out his professional obligations and fiduciary duties. He has vast legal experience and understanding of the Group's business, enabling him to provide constructive views and participate actively at Board and committee meetings. He maintains a professional relationship with Board members and there are no relationships or circumstances which are likely to affect or could appear to affect his independent judgment.

The Board, with the abstention of Mr. James Edwin, strongly recommends retaining Mr. James Edwin as an Independent Non-Executive Director of the Company. Please refer to page 20 of the Annual Report for the detailed justifications.

(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 this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on June 8, 2015 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 28, 2016 for further information.

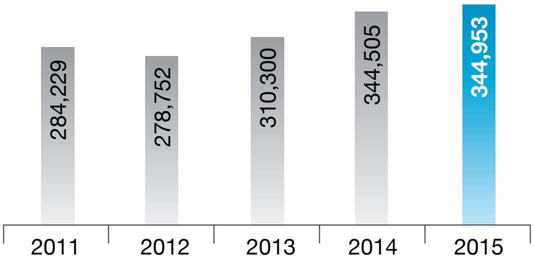
Statement Accompanying Notice of Annual General Meeting

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

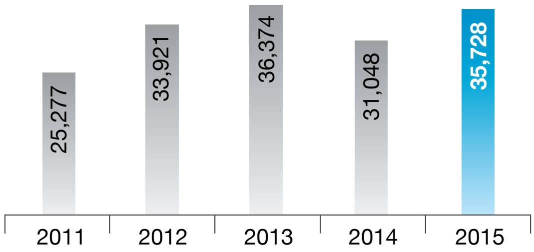
As at the date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming AGM.

Financial Highlights

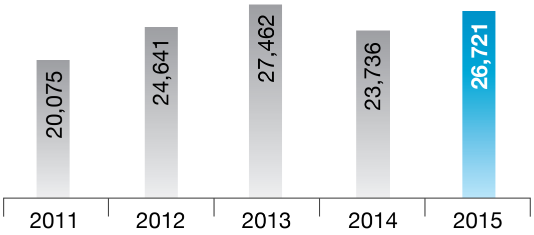
Turnover (RM'000)



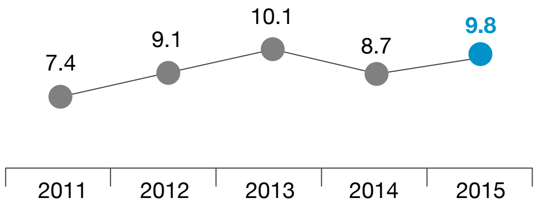
Profit Before Tax (RM'000)



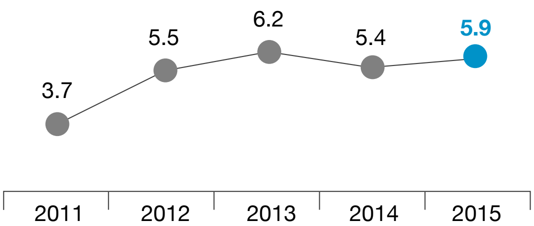
Net Profit (RM'000)



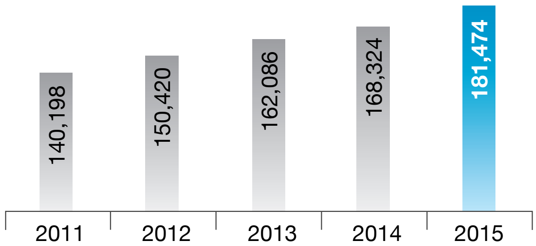
Earnings Per Share (Sen)*



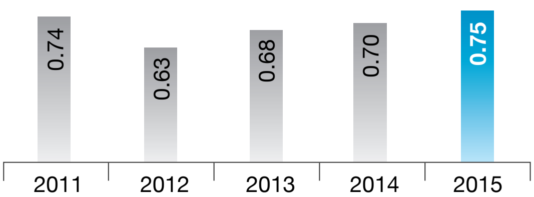
Gross Dividend Per Share (Sen)*



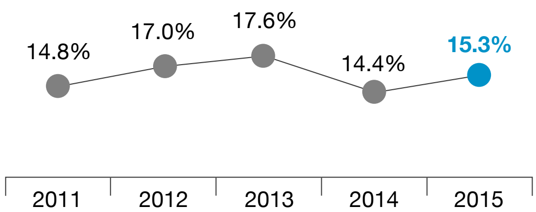
Shareholders' Equity (RM'000)



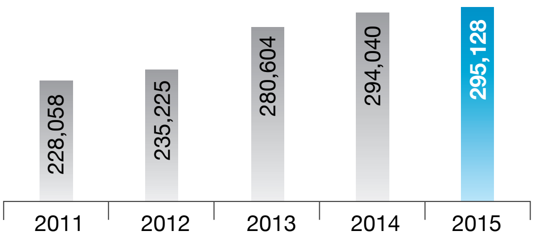
Net Tangible Assets Per Share (Sen)*



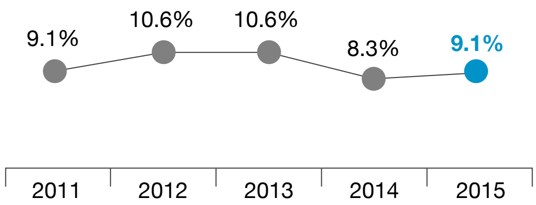
Return on Average Equity



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, as well as a 1-to-2 share split and 1-for-5 bonus issue of split shares in the financial year ended 31 December 2015

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 Wira Wong Soon Lim
Executive Director

Low Chan Tian
Executive Director

Low Geoff Jin Wei
Executive Director

Heng Fu Joe
Independent Non-Executive Director

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
FSSC 22000

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 & Issuing House Services
Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3,
Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : 03-27839299
Fax No. : 03-27839222

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

P. James Edwin A/L Louis Pushparatnam, Malaysian, aged 60 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, Remuneration Committee and Risk Management Committee.

Mr. James Edwin holds a degree in Bachelor of Science (Honours) in Civil Engineering from Leeds University, England and has worked as a civil engineer in the Government. He later practised as a consultant engineer before joining a reputable housing development company in Kuala Lumpur. He also holds a Bachelor of Law (Honours) degree from the University of London. He was called to the English Bar at Lincoln's Inn in 1990 and the Malaysian Bar in 1991. In that same year, he started his own practice as an advocate & solicitor of the High Court of Malaya. He is a past president of the Malaysian Institute of Arbitrators and sits on the panel of the Malaysian Mediation Centre.

He has no family relationship with any Directors/substantial shareholders of Daibochi and has no conflict of interest with the Company. He does not hold directorship in any other public listed companies. In the past ten (10) years, Mr. James Edwin has not been convicted of any offence.

Mr. James Edwin attended all the six (6) Board of Directors' meetings held during the financial year ended December 31, 2015.

Lim Soo Koon, Malaysian, aged 54 was appointed to the position of Managing Director on February 1, 2005. He is also a member of the Remuneration Committee and Risk Management 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 does not hold directorship in any other public listed companies. He has not been convicted of any offence in the past ten (10) years.

He attended all the six (6) Board of Directors' meetings held during the financial year ended December 31, 2015.

Y. Bhg. Datuk Wira Wong Soon Lim, Malaysian, aged 62 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 Wira Wong has no family relationship with any Directors/substantial shareholders of Daibochi and he has no conflict of interest with the Company. He does not hold directorship in any other public listed companies. In the past ten (10) years, he has not been convicted of any offence.

He attended all the six (6) Board of Directors' meetings held during the financial year ended December 31, 2015.

Low Chan Tian, Malaysian, aged 60 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 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 has no conflict of interest with the Company and does not hold directorship in any other public listed companies. He has not been convicted of any offence in the past ten (10) years.

Mr. Low attended all the six (6) Board of Directors' meetings held during the financial year ended December 31, 2015.

Low Geoff Jin Wei, Australian, aged 33 was appointed to the Board of Daibochi on October 5, 2010 as an Executive Director. He is also a member of the Risk Management Committee.

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

Mr. Low Jin Wei is the son of Mr. Low Chan Tian who is an Executive Director and a substantial shareholder of the Company. He has no conflict of interest with the Company and does not hold directorship in any other public listed companies. He has not been convicted of any offence in the past ten (10) years.

He attended all the six (6) Board of Directors' meetings held during the financial year ended December 31, 2015.

Heng Fu Joe, Malaysian, aged 35 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, Remuneration Committee and Risk Management 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. Mr. Heng is currently a Partner of Baker Tilly, Malaysia.

Mr. Heng has no family relationship with any Directors/substantial shareholders of Daibochi and has no conflict of interest with the Company. He does not hold directorship in any other public listed companies. In the past ten (10) years, he has not been convicted of any offence.

He attended all the six (6) Board of Directors' meetings held during the financial year ended December 31, 2015.

Caroline Ang Choo Bee, Malaysian, aged 47 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 and Risk Management 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 does not hold directorship in any other public listed companies. She has not been convicted of any offence in the past ten (10) years.

Ms. Caroline Ang attended all the six (6) Board of Directors' meetings held during the financial year ended December 31, 2015.

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 practised 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 Listing Requirements ("MMLR"). The Board is pleased to report that it had continued to practise good corporate governance in its management of the affairs of the Group during the financial year ended December 31, 2015.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1. Roles and Responsibilities of the Board

1.1 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 direction to ensure that the objectives of the Group are achieved.

1.2 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 management.

1.3 Various Board committees namely, the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC") have been formed to assist the Board in discharging its responsibilities efficiently. These committees deliberate on particular issues within their terms of reference and report their findings and recommendations to the Board. The ultimate responsibility for all decisions lies with the entire Board.

1.4 The Board's roles and responsibilities are as follows:

(a) Review and adopt a strategic plan developed by management
In developing the strategic plan, management takes into account the sustainability of the Company's business, with attention given to the changes in the external environment and internal developments. The strategic plan, including the Group's performance, key financial indicators and operational highlights is presented to the Board on a half yearly basis. The annual budget for the ensuing year is also tabled for the Board's approval. In 2015, the Managing Director presented the strategic plan, encompassing the Group's financial performance, key business opportunities, competitors' updates and operational statistics to the Board. A half yearly review of the strategic plan was also undertaken to apprise the Board on the Group's progress/performance in the first half of the year.

(b) Oversee the conduct of the Company's business to determine whether the business is being properly managed
The Chairman leads the Board in the oversight of management and ensures the orderly conduct and workings of the Board. The Managing Director focuses on the business and day-to-day management of the Company and executes policies and decisions of the Board. Management's performance is assessed by the Board via monthly management reports/accounts which are tabled to the Board. Any additional

information that the Board requires is promptly supplied by management. Key management i.e. General Manager, Corporate and Finance, Sales and Marketing and Operations attend Board meetings to present relevant updates and clarify issues raised by the Board. These enable the Board to monitor and have effective oversight of the Company's business, management and keep abreast of challenges and opportunities.

(c) Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures

The Board has established a structured process within its risk management framework for identifying, evaluating, mitigating and monitoring risks to ensure prudent risk management of the Group's business and operations. The RMC was formed in 2015 to assist the Board with these responsibilities. Details of the RMC and the Group's risk management framework are set out in Principle 6 herein and pages 32 and 33 of the Internal Control Statement.

(d) Succession planning

The Board is committed in ensuring that all candidates appointed to the Board and key management are of sufficient calibre and that measures/programmes are in place to provide for orderly succession of key management positions in the Company.

(e) Overseeing the development and implementation of a communication policy for the Company

The Board maintains an effective communications policy that enables both the Board and management to communicate effectively with its shareholders and other stakeholders. Details of disclosure that provide insight into the Company's practice are set out in Principle 7 herein.

(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

The Board is responsible for the Group's system of internal controls and for reviewing its adequacy and effectiveness. Details of the internal control systems are available in the Internal Control Statement at pages 34 to 36.

1.5 Formal matters reserved for the Board include:

(a) Strategy and management

The Board is responsible for the overall strategic direction of the Group, long-term objectives and goals, budget, oversight of business and potential expansion into new business ventures.

(b) Structure and capital

Changes relating to the Group's capital structure, issuance of shares and share buybacks, corporate structure and listing status are subject to the Board's approval.

(c) Finance

The Group's financial statements, quarterly reports, dividend policy, significant changes in accounting policies/practices and acquisition and disposal of assets exceeding RM1 million in value require the Board's approval.

(d) Internal controls

To ensure that there is a sound system of internal control and risk management in place.

(e) **Board membership and other appointments**

Changes to the size and composition of the Board, succession planning for the Board and key management, appointment and removal of the Company Secretary, appointment, reappointment and removal of the external auditors, appointment and removal of the internal auditors and remuneration policy/incentives for Directors are within the Board's purview.

1.6 All matters 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 management team (including the Executive Directors).

1.6.1 The Managing Director's responsibilities include:

- Overseeing operations and coordinating the development and implementation of business and corporate strategies.
- Executing the policies and decisions of the Board.
- Bringing material and other relevant matters to the attention of the Board in an accurate and timely manner.
- Developing and recommending to the Board annual business plans and budgets that support the long-term strategy and vision of the Company.
- Providing strong leadership to the management team and employees.
- Ensuring that the Company has an effective management team and a succession plan in relation thereto.

1.6.2 Management's responsibilities include:

- Managing the Company's business in accordance with the strategies set by the Board from time to time.
- Developing and formulating business plans, budgets, strategies, business and financial objectives of the Company for the Board's approval and ensuring that they are implemented.
- Implementing the overall risk management policies of the Company, ensuring the compliance, managing those risks which could have a material impact on the Company's business and informing the Board of any material instances of non-compliance.
- Ensuring that the Board is provided with sufficient and timely information with regard to the Company's financial performance, key business indicators, material developments of the Company's business and implementation of strategies.
- Approving acquisition and disposal of assets of up to RM1 million in value.
- Formulating and implementing policies, procedures, manuals and guidelines to be adhered to by the employees of the Company.
- Determining remuneration and implementing policies for the development of employees.

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. The Board Charter was reviewed and updated accordingly by the Board on February 22, 2016 to ensure that it remains consistent with the Board's objectives and responsibilities. A copy of the Board Charter is available on the Company's corporate website at www.daibochiplastic.com.

2.2 Code of Ethics, Code of Conduct and Whistle-blowing policy

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 Company'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 of Conduct 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 Company; 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.

2.2.3 The Board has also established a Whistle-blowing policy to provide an avenue for employees and stakeholders to report genuine concerns about unethical behaviour and improper conduct within the Company without fear of reprisal should they act in good faith when reporting such concerns. Employees and stakeholders who reasonably and in good faith believe that malpractices exist within the Company are able to report their concerns to the AC Chairman or the Independent Non-Executive Director. The Whistle-blowing policy is available on the Company's website at www.daibochiplastic.com.

2.3 Related Party Transaction

The Board, through its AC, 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. Strategies promoting 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 28 - 31 for details of the Group's sustainability activities focusing on environment, social and governance matters for the year under review.

4. Access to information and advice

4.1 In the furtherance of their duties, Directors have access to all information pertaining to the Company as well as to seek clarification from the management and Company Secretary and independent professional advice at the Company's expense, if necessary. The Board or the individual Director shall inform the Company Secretary prior to engaging an independent professional adviser. The engagement shall be subject to the Chairman or Independent Director's approval depending on the quantum of fees involved. The independent professional advice shall be circulated to all Board members as soon as it is available. Details of the procedure in obtaining independent professional advice are set out in the Board Charter. Neither the Board nor the individual Directors sought independent professional advice during the financial year under review.

4.2 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.

4.3 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. Key management and/or external advisors may be invited to attend Board meetings to advise and/or furnish the Board with professional insight, information and clarification needed on relevant items on the agenda to enable the Directors to arrive at a considered decision.

4.4 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.

4.5 All proceedings/minutes of the Board meetings are prepared in a timely manner and reflect the decision making process of the Board appropriately. Minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes at the following Board meetings and are signed by the Chairman in accordance with the provisions of Section 156 of the Companies Act 1965.

5. Qualified and Competent 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 assists the Chairman and Directors in the conduct of meetings and in the discharge of their governance obligations and responsibilities. The Company Secretary also 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 obligations arising from the MMLR and other regulatory requirements. In order to play an effective advisory role to the Board, the Company Secretary always keeps abreast with the latest regulatory changes, evolving industry development and best practices in corporate governance through continuous training. The appointment and removal of the Company Secretary are within the purview of the Board. The Board is satisfied with the performance and support rendered by the Company Secretary to the Board.

PRINCIPLE 2: STRENGHTEN COMPOSITION

6. Board composition and balance

6.1 The Board members 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 8 to 10 of the Annual Report.

6.2 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. There is no individual Director or group of Directors who dominates the Board's decision making.

7. Nomination Committee

7.1 The NC was set up on December 14, 2000. The NC's authority and duties are governed by its written terms of reference. The members of the NC which comprise exclusively of Independent Non-Executive Directors are as follows:
Mr. P. James Edwin A/L Louis Pushparatnam (Chairman)
Mr. Heng Fu Joe

7.2 The NC carried out assessments via questionnaires on the Board's composition and balance, effectiveness of the Board as a whole, the Board Committees, contribution of each individual Director, assessment of independence of the Independent Directors and Board diversity for the financial year under review. The assessments and comments were properly documented and recommendations were reported to the Board by the NC's Chairman for the Board members' consideration and approval.

Appointments to the Board and selection criteria

7.3 The NC adheres to a formal and transparent procedure for the nomination and appointment of new Directors before submitting its recommendation for the Board's decision. Prospective candidates are identified from a number of sources, including but not limited to Directors' or management's contacts/recommendations. The NC seeks for suitable candidates from diverse professional and business backgrounds who have the character, qualifications, experience, integrity, competence and time to effectively discharge his/her role as a Director.

7.4 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 NC 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. Any potential conflicts of interest are also taken into consideration in the NC's selection criteria.

7.5 In the case of an Independent Director, the NC 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.

7.6 The NC meets with the prospective candidate, if required, to ascertain the candidate's suitability for appointment as a Board member. The prospective/shortlisted candidate's profile and the NC's recommendation will then be submitted to the Board for approval. The NC will arrange for the Board members to meet the prospective candidate if requested by the Board.

Assessments by the NC and its criteria in respect of the Board and Board Committees, Directors and Board Committee members

7.7 The Board has implemented an annual assessment process for the NC to carry out the required assessments of the Board and Board Committees, Directors and Board Committee members. The Board's assessment process involves having the Directors complete questionnaires, which will then be compiled by the Company Secretary and forwarded to the NC members for their evaluation.

7.8 The elements of the questionnaires for assessing Board effectiveness encompass the Board's mix and composition, including whether the Board has the right blend of knowledge and experience to optimize performance, quality of information and decision making, matters discussed in accordance with roles and responsibilities, Chairman's ability to lead the Board effectively and understanding of respective roles by the Chairman and the Managing Director.

7.9 The assessment of the effectiveness of the Board Committees includes its composition, assistance provided to the Board in better decision making, whether the members have sufficient and relevant expertise in discharging their responsibilities, their attendance at meetings and whether communications to the Board are provided on a timely basis and of sufficient quality.

7.10 The assessment of individual Directors are based on their attendance at Board/Board Committee meetings, contribution/participation in Board meetings, industry and business knowledge, expertise, commitment, dedication and value that they bring to the Board.

7.11 Having considered the annual assessment undertaken by the NC, 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 NC's assessment of the Board Committees and is of the opinion that these committees are operating efficiently and effectively in assisting the Board. The members of these committees have sufficient knowledge, skills and expertise in fulfilling their roles and responsibilities.

7.12 The Board regards succession planning as an important aspect of corporate governance. In this regard, the Board is focused on ensuring that individuals with appropriate skills and experience are appointed to the Board to ensure continuity in achieving the Group's vision and mission.

7.13 The Board recognizes the value and importance of diversity in the Boardroom. A truly diversified Board will enhance decision making; leveraging on differences in thought, perspective, knowledge, skills, experience, ethnicity, race, gender, professional and industry experience to ensure that the Group's strategic objectives are achieved. In this regard, the NC ensures that equal opportunity is provided and that no person is discriminated against on grounds of age, ethnicity, gender, religion and marital status in its recruitment and succession planning process.

7.14 The Board acknowledges the role that women with the right competencies and skills can play in contributing to diversity of perspective in the boardroom. Accordingly, the NC duly considers gender diversity in identifying, evaluating and recommending appointments to the Board.

7.15 Currently, Ms Caroline Ang Choo Bee, an Independent Non-Executive Director is the female Director of the Company. There is also strong representation of women at management level in the Company. 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. Therefore, the Board has not set targets for gender diversity. The Board will continue to actively take the necessary measures, through the NC, towards promoting gender diversity and appointing the best qualified person based on merit when changes in the Boardroom are contemplated.

7.16 The Board through the NC, 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 NC's assessment, the Board is of the view that the current composition of the Board is suitable as the Board members have the necessary knowledge, experience, diverse range of skills and competence to enable them to discharge their duties and responsibilities effectively.

7.17 In accordance with the Company's Articles of Association, all newly appointed Directors are subject to re-election by the shareholders at the first Annual General Meeting ("AGM") after their appointment. One third (1/3) of the existing Directors including the Managing Director are also required to retire by rotation at the AGM in accordance with the Articles of Association.

7.18 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.

7.19 The performance of the Directors who are subject to re-election and re-appointment at the AGM of the Company will be reviewed and assessed by the NC. The NC 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 AGM.

7.20 For the forthcoming AGM, Mr. James Edwin A/L Louis Pushparatnam ("Mr. James Edwin") and Datuk Wira Wong Soon Lim ("Datuk Wira Wong") are due for re-election pursuant to Article 103 of the Company's Articles of Association. Having considered the review by the NC, the Board is satisfied that Mr. James Edwin and Datuk Wira Wong have met the Board's expectations and exemplified their commitment as reflected by their professional conduct and valuable contributions to the Board. As the Chairman and an Independent Director, Mr. James Edwin brings independent and objective judgment to Board deliberations to ensure sufficient check and balance and high standards of corporate governance in the Company. He is able to lead the Board effectively, enouraging contribution from all members and has a good working relationship with the Managing Director. Details of Mr. James Edwin's independence are stated in paragraphs 9.3 below. Both Directors have also allocated sufficient time and attention to the affairs of the Company and have carried out their fiduciary duties professionally. Hence, the Board with the abstention of the two (2) Directors unanimously recommends that the shareholders vote in favour of the re-election of the above Directors at the Company's AGM. 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.

8. Directors' Remuneration

8.1 The RC 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 RC have been approved by the Board and comply with the recommendations of the Code.

8.2 The members of the RC which comprise mainly of Independent Non-Executive Directors are as follows:
Mr. James Edwin (Chairman)
Mr. Lim Soo Koon
Mr. Heng Fu Joe

8.3 The RC 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 RC and the Board also take into consideration relevant information from survey data.

8.4 The RC 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.

8.5 The Directors' remuneration is reviewed annually by the RC 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 AGM.

8.6 The details of the remuneration of Directors of the Company from the Group for the year ended December 31, 2015 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	-	3,032	35	3,067
Non-Executive Directors	126	177	7	310

Range of remuneration	Executive Directors	Non-Executive Directors
RM50,001- RM100,000	-	2
RM150,001- RM200,000	-	1
RM550,001- RM600,000	2	-
RM700,001- RM750,000	1	-
RM1,200,001- RM1,250,000	1	-

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

8.8 The RC met once during the financial year and recommended to the Board the remuneration for Executive Directors of the Group. All comments were properly documented and recommendations were reported to the Board by the RC's Chairman for the Board members' consideration and approval.

PRINCIPLE 3: REINFORCE INDEPENDENCE

9. The three (3) Independent Non-Executive Directors make up more than one third (1/3) of the membership of the Board. This is in compliance with Paragraph 15.02 of the MMLR that requires at least one third (1/3) of the Board to comprise of independent directors. Having considered the NC'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 have provided their annual confirmation of independence to the NC. The Independent Non-Executive Directors also bring independent and objective judgment to Board deliberations to ensure sufficient check and balance and high standards of corporate governance.

9.1 The Board believes that valuable contribution, objectivity in decision making and invaluable insights can be obtained from an Independent Director with calibre, experience and integrity notwithstanding his tenure on the Board.

9.2 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 NC, 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.

9.3 In compliance with Recommendation 3.3, the NC undertook the review and assessment and recommended to the Board to seek shareholders' approval for our Chairman, Mr. James Edwin to be retained and to continue to act as an Independent Director of the Company at the forthcoming AGM 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 continues to exercise independent qualities, provides objective judgment and effective check and balance on all Board and Board Committee's deliberations and decision making process.

(c) He has consistently devoted sufficient time and attention and exercised due care and diligence in carrying out his professional obligations and fiduciary duties for informed and balanced decision making.

(d) He has vast legal experience and understanding of the Group's business, enabling him to provide constructive views and participate actively at Board and Board Committee meetings.

(e) He maintains a professional relationship with Board members and there are no significant relationships with the Executive Directors and substantial shareholders or circumstances which are likely to affect or could appear to affect his independent judgment.

(f) His long relationship with the other Board members has not compromised or hindered his continued exercise of independent judgment on all Board deliberations to act in the best interest of the Company.

9.4 Having considered the NC'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. He has a good understanding of the Company's business, the challenges faced by the Company and the environment in which the Company operates. Mr. James Edwin's length of service on the Board has not in any way compromised/interfered with his independence and ability to act in the best interest of the Company, its subsidiaries and shareholders. Accordingly, the Board with the abstention of Mr. James Edwin, 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 AGM for the said purpose.

9.5 The position of Chairman and the Managing Director are held by two individuals. Their roles are kept separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. This ensures that no one individual has unfettered powers of decision making. The separation of responsibilities is further reinforced as the Chairman is not someone who has previously served as the Chief Executive Officer/Managing Director of the Company. The Independent Non-Executive Chairman is primarily responsible for the orderly conduct and working of the Board with a view to ensuring that the Board functions effectively and meets it obligations and responsibilities. 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 operations and coordinating the development and implementation of business and corporate strategies.

9.6 The Board is of the view that the present Chairman is independent based on the justifications in paragraph 9.3 above and has the ability to ensure proper check and balance to facilitate Board proceedings and decision making. Hence, the Board is of the view that the adoption of Recommendation 3.5 of the Code which states that the Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director is not applicable to the Company.

PRINCIPLE 4: FOSTER COMMITMENT

10. The NC and the Board ensure that time commitment is obtained from new Directors at the time of appointment. Directors are expected to notify the Chairman and Company Secretary before accepting any new directorship and an indication of time that they will spend on their new appointment.

10.1 The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles on the Board and Board Committees. Six (6) Board meetings were held during the financial year and all the Directors attended these Board meetings, fulfilling the MMLR in relation to their attendance at Board meetings. The Directors also attended the meetings of the Board Committees held during the year under review. The frequency of Directors' attendance at the Board meetings is set out in the Profile of Directors on pages 8 to 10.

10.2 Board meetings for the ensuing calendar year are scheduled in advance before the end of each year. This is to enable the Directors to plan ahead and fit the meetings into their respective schedules to ensure the Directors' time commitment. 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.

10.3 The Board also ensures that its members do not hold more than 5 directorships in listed issuers in accordance with the MMLR. None of the Directors held any directorship in public listed companies during the financial year.

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

10.5 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.

10.6 The Directors are empowered by the Board to evaluate and assess their own training needs on a continuous basis. The Company Secretary assists with the co-ordination of continuing training for Directors to ensure that they are updated on corporate governance and other relevant matters.

10.7 During the financial year, the Directors assessed their own training needs and informed the Company Secretary of training programmes that they wish to attend to upgrade themselves.

10.8 All the Directors attended training during the financial year under review and the programmes are as follows:

(a) Mr. James Edwin
"Risk Management and Internal Control for Audit Committees – Post Workshop Discussion" and "Board Chairman Series – Leadership Excellence from the Chair".

(b) Datuk Wira Wong – "Nominating committee programme: Effective board evaluations".

(c) Mr. Low Chan Tian – "Powers of a Company".

(d) Mr. Lim Soo Koon – "Risk Management and Internal Control for Audit Committees – Post Workshop Discussion".

(e) Mr. Low Geoff Jin Wei – "CG Breakfast Series with Directors: Bringing the Best Out in Boardrooms".

(f) Mr. Heng Fu Joe – "CG Breakfast Series with Directors: Bringing the Best Out in Boardrooms", "Complimentary Event: Transforming Your Finance Teams for Higher Performance", "IFRS Update 2015", "IFRS 15 - Revenue from contracts with customers", "Consolidation in Practice, MIA International Accountants Conference 2015", "Changing Scope of Capital Market Regulations", "GST - A Preparatory Workshop for Auditors", "Fruitful Friday (soft skills)" and "Baker Tilly Connect 2015 (soft skills)".

(g) Ms. Caroline Ang Choo Bee – "Risk Management and Internal Control for Audit Committees – Post Workshop Discussion", "Malaysian Private Entities Reporting Standard (MPERS) - an overview and practical approach", "Members Dialogue - GST issues" and "GST seminar exclusively for GST Tax Agent".

10.9 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. A familiarization programme is conducted for new Directors. This includes a presentation of the Group's operations, meetings with key 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.

10.10 The Company Secretary maintains a complete record of the training attended by the Directors.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

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

11.1 The primary objective of the AC 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 AC together with its report are presented in the Audit Committee Report on pages 38 to 42.

11.2 The Company has established an appropriate and transparent relationship with its external auditors through the AC. The AC meets the external auditors twice during the financial year, without the presence of Executive Board members and management to discuss any issues of concern. The role of the AC in relation to the external auditors is set out in the Audit Committee Report on page 39 of the Annual Report.

11.3 The AC conducts a yearly assessment of the suitability and independence of the external auditors prior to recommending to the Board to seek shareholders' approval for re-appointment. This assessment is undertaken in accordance with the AC's Policy on the Suitability and Independence of external auditors. The AC conducted the assessment for the financial year under review and presented its evaluation and recommendation to the Board. Details of the AC's assessment are available in the Audit Committee Report on page 41. The Board is satisfied with the suitability and independence of the external auditors after having considered the AC's annual assessments and evaluations supporting the AC's recommendation. Hence, the Board approved the AC's recommendation on March 28, 2016 for the shareholders' approval to be sought at the 43rd AGM on the re-appointment of Messrs SJ Grant Thornton as external auditors of the Company for the financial year ending 2016.

Statement of Directors' responsibility for preparing the financial statements

11.4 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 Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

11.5 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 Company have adequate resources to continue in operational existence for the foreseeable future.

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

11.7 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.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

12. The Board recognizes its overall responsibility for the Group's risk management and system of internal controls and for reviewing its adequacy and effectiveness.

12.1 The RMC was established on March 31, 2015 and assists the Board with its responsibilities to identify, assess, manage and monitor key business risks to safeguard shareholders' investments and assets of the Group. The RMC's authority and duties are governed by its written terms of reference. The members of the RMC are as follows:
Mr. James Edwin (Chairman and Senior Independent Non-Executive Director)
Mr. Heng Fu Joe (Independent Director)
Ms. Caroline Ang Choo Bee (Independent Director)
Mr. Lim Soo Koon (Managing Director)
Mr. Low Geoff Jin Wei (Executive Director)
Ms. Tan Gaik Hong (General Manager, Corporate and Finance)
Key management personnel i.e. from Operations, Sales and Marketing and other relevant departments may be invited to attend the RMC meetings, where necessary, to brief/advise the RMC members on the potential risks and actions that may be taken to mitigate and control these risks.

12.2 The AC reviews 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, directive and guidelines. Details of the AC are available in the Audit Committee Report on pages 38 to 42 of the Annual Report.

12.3 The Group has an Internal Audit Function, which reports directly to the AC and assists the Board in the monitoring and managing of risks and internal controls. Information on the Group's internal controls and risk management systems is presented in the Internal Control Statement as set out on pages 32 to 37.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

13. The Board values its dialogue with shareholders, the investment community and other 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 and employees to ensure accurate, timely, consistent, high quality and fair disclosure of corporate information.

13.1 The Board has designated the Managing Director as the person responsible for communication with the investment community, regulators and 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.

13.2 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 particulars of the Group's business, corporate, management, financial and corporate governance information. The Company's Memorandum and Articles of Association, financial calendar, share price information, Dividend Policy, analyst reports, capital changes, all announcements and circulars made by the Company to Bursa Malaysia, corporate presentations (investor briefings), annual reports, press releases and AGM minutes are also available on the corporate website for the benefit of the investment community.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

14. The Board encourages shareholders' active participation at the Company's AGM. The AGM 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 AGM.

    14.1 The Company sends out the Notice of the AGM and Annual Reports to shareholders at least twenty one (21) days before the date of the meeting to enable shareholders to have sufficient time to peruse the Annual Report and appoint proxies to attend the AGM if they so wish. The Board ensures that each item of special business included in the Notice of AGM 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.

    14.2 The Company's 42nd AGM was held on June 8, 2015 at Ramada Plaza Melaka and all the Directors were present in person to engage directly with the shareholders of the Company. As a matter of good corporate governance, the Chairman of the meeting reminded 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. All resolutions put forth for shareholders' approval were voted on by a show of hands as there was no request for voting by poll.

    14.3 At the said AGM, the Managing Director gave a presentation to the members featuring an overview of the Company's business and products, operational highlights, food safety certifications, product innovations and 2015 financial performance for the benefit of the Company's shareholders. The shareholders also had the opportunity to view the type of products supplied via the display of laminated flexible packaging materials produced by the Company. An Executive Director of the Company presented the Company's response to questions submitted by the Minority Shareholder Watchdog Group ("MSWG") for the benefit of the members. The Managing Director also addressed the shareholders' and MSWG's queries during the meeting.

    14.4 The Board has identified the Chairman, Mr. James Edwin 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.

    14.5 During the year, the Managing Director, an Executive Director and General Manager, Corporate and Finance 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 2015 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, Executive Director and General Manager, Corporate and Finance's attendance at investors' briefings.

COMPLIANCE STATEMENT

The Board is satisfied that to the best of its knowledge, the Company is generally in compliance with the MMLR and the principles and recommendations of the Code.

This Corporate Governance Statement is made in accordance with the resolution of the Board of Directors dated March 28, 2016.

(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 693,000 of its own shares from the open market of Bursa Securities for a total consideration of RM2,999,341. All the repurchased shares were retained as treasury shares and none was cancelled. 1,201,300 treasury shares were resold during the financial year. As at December 31, 2015, there were no shares held as treasury shares by the Company.

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

Monthly breakdown 2015	Number of shares bought back	Purchase price per share Lowest (RM)	Purchase price per share Highest (RM)	Cost* (RM)	Average price paid (RM)
January	25,400	4.18	4.27	108,446	4.270
February	1,000	4.63	4.63	4,676	4.676
March	78,200	4.30	4.40	343,585	4.394
April	32,500	4.30	4.41	143,341	4.411
May	126,200	4.26	4.33	544,885	4.318
June	278,100	4.20	4.38	1,202,734	4.325
July	73,400	4.22	4.30	315,891	4.304
August	42,000	4.13	4.38	180,528	4.298
September	22,200	4.10	4.25	93,907	4.230
October	11,500	4.25	4.25	49,232	4.281
November	2,500	4.30	5.57	12,116	4.846
Total	**693,000**	**4.10**	**5.57**	**2,999,341**	**4.328**

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

Monthly breakdown 2015	Number of shares sold	Resale price per share Lowest (RM)	Resale price per share Highest (RM)	Consideration received* (RM)	Average price (RM)
January	333,500	4.34	4.60	1,464,698	4.392
June	417,000	4.28	4.38	1,820,232	4.365
November	400,000	4.34	4.34	1,730,071	4.325
December	50,800	5.00	5.15	253,081	4.982
Total	**1,201,300**	**4.28**	**5.15**	**5,268,082**	**4.385**

* *inclusive of transaction costs*

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

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

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

(f) Non-audit fees
Non-audit fees incurred by the Group to external auditors during the financial year amounted to RM16,000.

(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.

Daibochi 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 responsibility towards our human capital, society, the environment and marketplace.

The Board of Directors recognises the importance of CSR to the growth of the Group and we ensure that our CSR initiatives and business practices promote sustainability by providing innovative products for our customers as well as 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 2015 are as follows:-

Employee Welfare

The Group recognizes that our people are our key assets and they play a pivotal role in the growth, success and sustainability of our business. We consistently strive to create an inclusive working environment for our employees by encouraging personal development, rewarding both professional and personal achievements, enhancing their career advancement and caring for their well-being.

We also believe that business success and sustainability depends on our ability to leverage the talents, experiences and diversity of our workforce. We are committed to promoting diversity at the workplace by providing equal employment opportunities based on merit. We do not practise any form of discrimination, be they in terms of gender, age, ethnicity and nationality. Our selection criteria for employment, promotion, training or other benefits are based on the blend of competencies, knowledge, skills and experience with due regard to age, ethnicity and gender diversity.

We invest in our people through professional training to develop capable, confident and competent employees to ensure their continuous growth and advancement. In this regard, employees are provided with opportunities and encouraged to attend training programmes to update their knowledge and expertise and improve their skills to meet the changing needs of the industry.

We strive to provide a healthy and safe working environment for all employees. This includes providing personal accident insurance coverage for all employees, as well as medical and healthcare insurance for eligible employees and their immediate family members.

The Health and Safety Committee ("H&S Committee") is entrusted with cultivating safe workplace practices and behaviour, and ensures that Occupational Safety and Health policies are effectively implemented. Talks and training on safety and health-related issues including fire safety, chemical spills, machine safety and accident-prevention are regularly held to ensure a high level of awareness towards safety requirements. Protective gear has been issued to all concerned workers, while preventive actions such as fire drills are carried out annually to prepare our employees for speedy evacuation in the event of fire emergencies. Serious accidents are reported at our monthly assemblies to create awareness amongst employees. We seek to continuously improve our safety culture and performance with the ultimate goal of minimizing work related injuries.

In 2015, the Company organized a "World Earth Day, Safety & Health Week 2015" campaign, which included health screenings and various talks 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 to create awareness of the hazards of smoking. To promote a healthy lifestyle, complimentary fresh fruits are distributed to employees twice weekly at the staff canteen.

The Company encourages its employees to adopt 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, providing 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”.

The Company also helped to ease the burden of deserving employees with school going children by providing them with financial aid for the 2016 school session. Educational awards were also given to these employees’ children to reward them for their outstanding academic performance.

In April 2015, 40 of our Nepalese employees were affected by the earthquake in Nepal. We extended support to these employees by distributing financial aid to them (contribution from the Company and collection from employees and Directors), granting them leave to return to Nepal to attend to household matters, allowing them to organize and conduct prayers at the factory site and paying their yearly bonuses earlier.

Community Welfare

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

The Company provides the poor and marginalized community in Melaka with supplementary work and income by continuing to collaborate with a non-profit organization (“NPO”) in respect of an assembly project. In 2015, we engaged this NPO to partially supply fresh fruits to our canteen.

Furthermore, each year, we recruit students from colleges, technical schools and universities for our internship programme. Students are provided with comprehensive hands-on training to equip them with the necessary knowledge and skills needed in furthering future career pursuits. There were 33 trainees attached to the Company for their industrial training in 2015.

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 carbon footprint. We endeavour to identify and minimise the environmental impact of our business activities and products.

The Group 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, materials planning, waste management and restricting the use of hazardous substances. The policy is based on the following principles:-

*“**C**onsistently embarking on continuous improvement of environmental preservation activities to meet the current Environmental Quality Act 1974.*
*“**A**dhering to established guidelines stipulated by governmental regulations and statutory requirements in the prevention of pollution, management and disposal of waste generated.*
*“**R**ecycling and utilizing materials which are recyclable and practising waste minimization concepts of reducing, reusing and recycling either internally or by outsourcing to third parties.*
*“**E**nhancing and promoting awareness by educating our workforce through education, training and participation in environmental activities.*
*“**S**etting and implementing company-wide objectives and targets to address significant environmental impacts arising from our business activities”.*

Daibochi continues to explore innovative avenues by constantly reviewing and upgrading our production processes whilst products are improved to meet evolving legal, business and technological requirements. Preference for environment friendly and sustainable packaging is increasing amongst our customers and consumers. Our key initiative towards providing optimal and sustainable packaging is our innovative new 2 layer film which utilizes fewer raw materials than the conventional 4 layer film. This film retains barrier and strength functionality, generates cost savings for customers and reduces our carbon footprint.

We actively promote a culture of environmental awareness and engagement amongst our employees. We encourage green activities in the workplace and support environmental conservation efforts in the community through a number of programmes. Employees regularly participate in recycling activities through our “Green Day” campaign every Tuesday and Thursday, where they are encouraged to bring from home segregated waste of plastic, paper, tin, discs, used batteries or clothing to be sent to the Tzu Chi recycling centre. The use of polystyrene packaging of food is prohibited in company premises and all employees are provided recyclable plastic food containers. Employees are encouraged to practise the 5 R’s – ‘Refuse, Reuse, Reduce, Repair and Recycle’ in their daily activities. We also lead by example to encourage prudent electricity usage by switching off the lights in the office during scheduled breaks, and encourage employees to participate in the “Earth Hour” on March 28, 2015 from 8.30pm to 9.30pm by switching off lights and electrical equipment during that hour.

We also strive to achieve efficient usage of electricity in our production facilities. To this end, we installed a total of 63 units of E-Savers in key production machineries across both manufacturing plants, to optimise heat-management and therefore reduce the amount of electricity used per machine. These efforts have led to reduced energy consumption and cost savings, in line with our carbon reduction strategy.

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 our on-going focus on sustainability and environmental management, the Company sends waste from our production processes 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 gases generated at landfills (e.g. methane) 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.

We continue to advance our environmental sustainability programs and seek innovative approaches to reduce waste and the environmental impact. We raise the level of awareness on waste minimization amongst our employees and encourage them to explore new solutions for waste management and recycling.

During the year, the Group was not penalized for any instance of non-compliance with environmental laws and regulations.

Marketplace

The Group is committed in ensuring adherence to high standards of ethical values by upholding the principles of integrity, honesty and professionalism in our dealings and relationship with customers, suppliers and shareholders. These core principles are enshrined in our values and encapsulated in the “Code of Conduct” observed by the Board, management team and employees. In line with this commitment, the Company also has a “Whistle-blowing Policy” in place to provide an avenue for employees and stakeholders to report genuine concerns about unethical behaviour and improper conduct within the Company without fear of reprisal, should they act in good faith when reporting such concerns.

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

We have high standards of quality controls in place throughout our operations process to ensure the quality and safety of our products. Our commitment to excellence and continuous improvement in quality is reflected in the “Quality & Food Safety Policy” and accreditations attained by the Company. The ISO 9001 certification underscores our commitment to deliver high quality products and services to our customers. The FSSC 22000 accreditation (Food Safety System Certification) reflects our ongoing commitment to maintain high quality facility standards and provides assurance to our customers that a robust food safety management system is in place. We continue to raise the bar for quality and food safety by developing new initiatives in our manufacturing process to achieve superior services and supply of our flexible packaging materials.

The Board of Directors ("the Board") is fully committed towards maintaining a sound system of risk management and internal control 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 nature and scope of the Group's risk management framework and internal control systems for the financial year ended December 31, 2015. This Statement is prepared pursuant to Paragraph 15.26(b) of Bursa Malaysia's Main Market Listing Requirements ("the MMLR") and is guided by Principle 6 of the Malaysian Code on Corporate Governance and the Statement on Risk Management & Internal Control: Guidelines for Directors of Lister Issuers.

1. Responsibility

1.1 The Board affirms its overall responsibility for the Group's risk management and system of internal controls and for reviewing its adequacy and effectiveness. The Board confirms that there is a sound internal control system and risk management framework and ongoing process for identifying, evaluating, mitigating / managing and monitoring 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 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.

1.2 The Board is assisted by the Risk Management Committee ("RMC") and Audit Committee ("AC") in reviewing the effectiveness of the risk management and internal control systems. Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal controls, taking appropriate and timely corrective actions as needed to mitigate and control the risks and providing assurance to the Board that these processes have been carried out accordingly.

1.3 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.

2. Risk Management

2.1 The Group has a structured process within its risk management framework for identifying, evaluating, mitigating and monitoring risks to ensure prudent risk management of its business and operations.

- Risk identification – risk owners (heads of each department/management) are primarily responsible in identifying risks that could adversely impact the achievement of the Group's objectives in relation to their areas of supervision/control.
- Risk evaluation – evaluation of the identified risks by risk owners to determine the possibility of occurrence and potential impact to the Group.
- Risk mitigation – proposed action plan by risk owners to manage/mitigate the risks.
- Risk monitoring – ongoing process of monitoring risks by management to ensure that appropriate mitigation plans have been implemented and taking into account changes in the regulatory and business environment.

2.2 Key risks representing challenges to the Group's business are classified into distinct categories i.e. Sales and Marketing, Markets: Competitors and Large Customers, Reputation and Quality Assurance, Operations, Human Resource, Finance and Technology.

2.3 The Board's commitment towards risk management is reflected in the formation of a RMC in 2015. The RMC assists the Board with its responsibilities to identify, assess, mitigating / manage and monitor key business risks to safeguard shareholders' investments and assets of the Group. Please refer to pages 23 - 24 of the Corporate Governance Statement.

2.4 Meetings/discussions are held regularly by management with the respective risk owners on significant risks, possibility of occurrence, impact, controls (preventive, detective, corrective) and action plans to manage these risks. This information is then consolidated in the respective department's risk register. Management's duties include presenting the risk register to the RMC, monitoring risk management activities, ensuring compliance and effective implementation of risk policies, identifying changes to risk or emerging risks and engaging with employees in promoting and inculcating a high risk awareness culture.

2.5 The risk register, including the Group's risk exposures, risk assessment, management's views on acceptable/appropriate level of risks and action plans are deliberated at RMC meetings and reported to the Board on a half yearly basis. The RMC met twice during the year to review and assess the Group's risks and develop the risk scorecard to be presented to the Board.

3. Internal Audit Function

3.1 The Group's internal audit function has been outsourced to an independent professional firm which assists the AC 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;
- performing independent assessment on the adequacy, efficiency and effectiveness of internal control and management information systems for the safeguarding of assets as well as providing consistent and accurate financial and operational data;
- promoting risk awareness and the value and nature of an effective internal control system;
- performing independent assessment on compliance with laws, regulations, corporate policies and procedures; and
- 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.

3.2 The internal auditors report directly to the AC and focus on high priority activities determined through high level risk review in accordance with the Internal Audit Strategy document approved by the AC. The Internal Audit Strategy for 2015 was carried out upon approval by the AC. For the year under review, the internal auditors conducted audits in relation to production, quality assurance, sales and marketing, purchasing, product development and technical support, warehouse and logistic, health, safety and environment, finance and human resource management activities. The adequacy and effectiveness of internal controls were reviewed by the AC in relation to the internal audits in 2015. Observations arising from the internal audit together with management's response and corrective action plans were proposed to the AC on a quarterly basis at the AC meetings. The AC's deliberations were then reported to the Board.

4. Internal Controls

The key features of the Group's internal controls are described below:

4.1 Organization structure

- An organizational structure with clearly defined lines of authority, responsibility and accountability to support the Group in achieving its objectives.
- Responsibilities have been delegated to the Board Committees (RMC, AC, Nomination and Remuneration Committees) to assist the Board in overseeing the Group's risk management and internal control systems, Board effectiveness, nomination and remuneration of directors.
- Responsibilities and authority of the Board and Board Committees are governed by their respective terms of reference/charters.
- The senior management team led by the Managing Director comprises experienced personnel who are accountable for the conduct and performance of their respective departments.
- Significant issues are brought to the attention of the Managing Director immediately and highlighted to the Board on a timely basis.
- Management meetings are held regularly to deliberate on business performance, financial and operational matters, potential risks and issues to be resolved.

4.2 Audits

(a) Internal audit

- Regular internal audit visits are commissioned by the AC to monitor compliance with procedures and to assess the integrity of financial information provided.
- Regular meetings between the AC, internal auditors and management are held to discuss actions taken on internal control issues identified through reports prepared by the internal auditors and/or management.
- Audit reports together with findings, management's response and corrective actions are presented by the internal auditors to the AC on a quarterly basis.
- Measures and actions taken by management to address the improvement areas are reviewed on a quarterly basis.
- Subsequent audits conducted by the internal auditors to follow up on the implementation status of concerns arising from the prior internal audit.

(b) External audits

- Regular meetings are held by the AC members with full and unimpeded access to external auditors during the financial year under review.
- Review of unaudited quarterly financial statements and audited year-end financial statements by the external auditors.
- Discussions on significant matters noted in the course of the audit of the Group's financial statements between the AC and the external auditors.
  Please refer to pages 39 and 41 of the AC report.

(c) Quality/Environment management system audits

- The Company was accredited with ISO 9001:2008 in 2000, ISO 14001:2004 in 2011 and FSSC 22000 in 2014.
- Documented internal procedures and standard operating procedures have been put in place and yearly surveillance audits are conducted by assessors of the ISO and FSSC 22000 certification bodies to ensure that systems are adequately implemented.

4.3 Delegation/limitation of authority

- Proper approval by management on capital expenditure of 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.
- Effective delegation of authority limits in relation to the course of conducting business/operations to foster consistent good business practices and governance.

4.4 Strategic Plan, Budget and Reporting

- Strategic plan encompassing the Group's performance, financial and operational reviews/highlights and strategies is presented to the Board on a half yearly basis.
- Regular and comprehensive information are provided by management to the Board, encompassing operating and financial performance, key business indicators, quality control, health, safety and environment, research and development/technology and human resource.
- The Group's annual budget is deliberated and approved by the Board before implementation in accordance with the Group's budgeting and forecasting system policy.
- Monitoring of results by management and the Board through financial reports such as monthly management accounts and cash flow.
- Reporting of the Group's outstanding forex contracts by management to the Board at Board meetings in accordance with the Forex Policy.
- Reporting of the Group's risks by the RMC/management to the Board on a half-yearly basis.
- Reporting of the observations arising from the internal audit together with management's response, corrective actions plans and the AC's deliberations to the Board.

4.5 Policies and Procedures

- Formalized internal policies, procedures, manuals and codes to ensure compliance with internal controls and relevant rules and regulations and to provide guidance for the proper management of operations and business activities within the Group.
- Ensuring that confidential information on the Group's operations, financial condition and future prospects are protected via a Corporate Disclosure Policy.
- A Whistle Blowing policy which provides an avenue/channel for employees and stakeholders to report genuine concerns about unethical behaviour and improper conduct within the Company without fear of reprisal should they act in good faith when reporting such concerns.
- Credit evaluations are performed on all customers requiring credit and exposure to credit risk is monitored on an ongoing basis in accordance with the Credit Committee's Credit Control Policy.
- Policies and procedures have been disseminated and communicated to the relevant employees for compliance.

4.6 Human resource

- Adherence to high standards of ethical values enshrined in the Code of Conduct by upholding the principles of integrity, honesty and professionalism in dealings and relationship with customers, suppliers and shareholders.
- Hiring and termination guidelines in place.
- Training and development programs for employees to update their knowledge, expertise and improve their skills to ensure staff competency.

4.7 Security controls/plans

- Business continuity plan to ensure that there is a contingency framework to manage risks in the event of potential interruptions to operations.
- Information technology management policy and security tools in place for system security.
- Adequate insurance and physical security of major assets in place to ensure that the assets of the Group are sufficiently covered against any mishap that will result in material losses to the Group.

5. Review of the Statement by the External Auditors

This Statement has been reviewed by the external auditors for inclusion in the Annual Report 2015 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 AC and RMC, has reviewed the adequacy and effectiveness of the risk management and internal control systems based on the information:

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

(b) from the internal auditors, who submit regular reports to the AC 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;

(c) provided by the external auditors in the form of their annual statutory audit on the financial statements of the Group.

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 systems of the Group.

6.3 The corporate risk scorecard incorporating the major risks that may impact the Group in achieving its objectives was presented by management at the Board Meetings on a half yearly basis upon deliberation with the RMC. There were no significant risks affecting the Group's business and operations identified in the corporate risk scorecard during the year under review.

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 systems. 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 controls in place for the financial year ended December 31, 2015 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, 2016.

The Board is pleased to present the Audit Committee Report for the financial year ended December 31, 2015.

The Audit Committee was established on August 28, 1993.

Members and meetings

The Audit Committee ("Committee"/ "AC") comprises the following members and the details of attendance of each member at the Committee meetings held during the financial year ended December 31, 2015 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 Bursa Malaysia's Listing Requirements, all the members of the AC 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 three (3) members, all of whom are Independent Non-Executive Directors. 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 AC 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. SUMMARY OF TERMS OF REFERENCE

1.1 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 without the presence of Executive Board members and members of management. The AC shall meet with the internal auditors without the presence of Executive Board members and members of management at least once a year.

1.2 Reporting to the Board

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

1.3 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.

1.4 Functions and Duties

The duties of the Committee include:

(a) Financial reporting

- To review with the external auditors all financial statements before submission to the Board for approval and/or release to shareholders or third parties, focusing particularly on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas affecting the financial statements;
  - (iii) significant adjustments arising from the audit;
  - (iv) the going concern assumption;
  - (v) compliance with Financial Reporting Standards; and
  - (vi) 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 and conflict of interests situation that may arise within the Company or the Group, assess its impact on the financial results and its reporting in the financial statements, including any transaction, procedure or course of conduct that raises questions of management integrity.

(b) External Audit

- To recommend to the Board on the nomination, appointment, re-appointment and removal of external auditors.
- To review the proposed fees/remuneration arrangements of the external auditors and recommend to the Board for approval.
- To review the suitability and independence of the external auditors.
- To review whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment.
- 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 Executive Board members and members 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 and members of management present at least twice a year.
- To review with the external auditors the assistance given by the employees of the Company/Group to the external auditors.
- To review any letter of resignation from the external auditors.

(c) Internal Control

- 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.
- To determine whether management has implemented policies ensuring the Group's risks are identified and evaluated and that internal controls in place are adequate and effective to address these risks.

(d) Internal Audit

- To review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- Review any appraisal or assessment of the performance of the internal audit function.
- To recommend the appointment and removal of the internal auditors to the Board.
- To review the proposed fees/remuneration arrangements of the internal auditors and recommend to the Board for approval.
- 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.
- To consider the major findings of internal investigations and management's response.
- To ensure co-ordination between the internal and external auditors.

(e) Non-financial information

- To deliberate and consider 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 AC agenda.

2. SUMMARY OF ACTIVITIES UNDERTAKEN BY THE COMMITTEE

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

2.1 Financial Reporting

(a) Reviewed with the external auditors the unaudited quarterly financial statements before recommending to the Board for approval.

(b) Discussed and reviewed the Group's audited year-end financial statements with the external auditors in relation to the significant matters noted in the course of the audit of the Group's financial statements before recommending to the Board for approval.

(c) Discussed and reviewed new developments on accounting standards and regulatory requirements with the external auditors before recommending to the Board for approval.

(d) Reviewed compliance requirements with the General Manager, Corporate and Finance and external auditors to ensure adherence to appropriate accounting standards and applicable Financial Reporting Standards and IC Interpretations for quarterly reports and financial statements.

(e) Reviewed impairment of assets and trade receivables information with the General Manager, Corporate and Finance and external auditors on a quarterly basis.

(f) Received assurance from the external auditors that the accounting and other records and registers are properly kept in accordance with the Companies Act, 1965 for the Company and its subsidiaries audited by the external auditors.

(g) Received assurance from the external auditors that there were no uncorrected misstatements based on the findings of their audit and that they were not aware of non-compliance of laws and regulations based on their audit work in relation to the Group.

2.2 External Auditors

(a) Annual assessment and re-appointment of external auditors
  (i) Assessed the performance of the external auditors prior to their re-appointment. Assessments were carried out via questionnaires based on the AC's Policy on the Suitability and Independence of External Auditors adopted in 2013. Assessments and comments were properly documented before recommending the re-appointment to the Board for approval.
  (ii) Considered the adequacy of the experience and resources of the audit firm, the team/persons assigned to the audit, the size and complexity of the Group being audited, independence and objectivity of the external auditors, quality of performance, audit scope and planning and audit fees in the assessment.
  (iii) Considered the external auditor's provision of non-audit services in respect of tax compliance and annual review of the Internal Control Statement. Tax services were provided by partners and employees who have no involvement in the audit of the financial statements. The amount of non-audit fees incurred for services rendered by the external auditors for the financial year under review amounted to RM16,000. The provision of these services is not likely to affect the independence and objectivity of the external auditors.
  (iv) Received written assurance from the external auditors that they have complied with the relevant ethical requirements regarding professional independence.
  (v) Being satisfied with the external's auditor's performance, technical competency and independence, the AC recommended the appointment of Messrs Grant Thornton as the Company's external auditors for the financial year ending December 31, 2016.

(b) Received assurance from the external auditors of their policy to rotate the lead external audit partner every 5 years to ensure audit independence. The tenure of the current auditor is 4 years. A new lead partner will be engaged for the audit of the financial statements for the financial year ending December 31, 2017.

(c) Reviewed the audit fees based on the audit plan before recommending to the Board for approval.

(d) Reviewed with the external auditors their audit plan prior to the commencement of audit.

(e) All AC members met twice with the external auditors without the presence of Executive Board members and members of management to discuss issues of concern arising from their audit review (if any) and co-operation extended by management during the course of audit, reinforcing the independence of the Company's external audit function.

(f) Discussed new MFRS and sought clarification from the external auditors on the impact of the adoption to the Company's financial statements.

2.3 Internal Auditors

(a) Assessed the performance of the internal auditors based on:
   (i) the adequacy of resources and competency of the internal audit team and audit programmes/plans vide a set of questionnaires forwarded to the AC members, and
   (ii) discussion/feedback from members of management.
   This is to ensure that the internal auditors have the required expertise and professionalism to discharge their duties.

(b) Reviewed the internal audit fee before recommending to the Board for approval.

(c) Reviewed and approved the Internal Audit Strategy Document covering the scope of the internal audit for the year.

(d) Reviewed the audit reports with the internal auditors and discussed with management the actions to be taken on the issues highlighted and the relevant recommendations.

(e) Kept updated on management's implementation of the internal audit recommendations on outstanding issues on a quarterly basis to ensure that all issues were properly addressed.

2.4 Non-financial information

Discussed non-financial information presented by management that is of importance in assessing the Company's or Group's performance i.e. in relation to product and service quality, market share, market reaction, award of new business, impact of the Goods and Services Tax, fluctuations in currency exchange rates and raw material prices.

2.5 Reporting to the Board

(a) Reviewed the Internal Control Statement prior to recommending to the Board for approval and inclusion in the Annual Report.

(b) Reviewed the Audit Committee Report before recommending to the Board for approval and inclusion in the Annual Report.

(c) Discussed management's proposal to set up a Risk Management Committee to provide risk oversight and to ensure prudent risk management of the Group's business and operations before recommending to the Board for approval.

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 has been outsourced to an independent professional service firm. The objectives of the internal audit are to independently assess the system of internal controls established by management and to make appropriate recommendation in relation thereto. During the financial period under review, the internal auditor reported to the Committee and presented an annual Internal Audit Strategy Document ("IASD") for the consideration and approval of the AC. 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 IASD. The internal auditor reports to the Committee on a quarterly basis and provides the AC with independent views on the adequacy, integrity and effectiveness of the system of internal controls after its reviews. Please refer to pages 33 and 34 of the Internal Control Statement.

For the financial year ended December 31, 2015, the cost incurred in maintaining the outsourced Internal Audit Function amounted to RM68,952.12.

Dear Fellow Shareholders,

In 2015, the global economy continued to grapple with lacklustre growth amidst a marked slowdown in key markets such as Russia, Brazil and China. Unsurprisingly, these uncertainties had a hand in depressing commodity prices. Particularly, crude oil prices declined sharply in the second half of 2015, constricted by weak demand and oversupply concerns.

On top of these macroeconomic factors, Malaysia faced additional hurdles in the year under review. For one thing, the implementation of the Goods and Services Tax (GST) in April 2015 drastically dampened consumer consumption patterns. Furthermore, fears of a budget deficit due to lower crude oil prices and the substantial weakening of the ringgit against major foreign currencies affected overall sentiment. Hence, domestic economic growth was significantly weaker as gross domestic product growth declined to 5.0% from 6.0% a year ago.

Chairman P. James Edwin with the MSWG 2015 Top Corporate Governance award for Mid Cap companies

Despite the plethora of negative news in the broader market, Daibochi Plastic And Packaging Industry Berhad (Daibochi) delivered an excellent performance, with the Group's bottom line notching up strong double-digit growth. Even more significantly, the Group achieved a new record in export sales of consumer flexible packaging products to our multinational (MNC) clients across South East Asia, Australia and New Zealand (ANZ).

Furthermore, the market capitalization of Daibochi's shares listed on the Main Market of Bursa Malaysia reached a new high of RM655.8 million in 2015. This represented a 24.4% jump from the highest market capitalization of RM527.4 million recorded in the previous year, signifying increasing investors' confidence and participation in the Group's business strategy and long term growth prospects.

With these achievements, it is my pleasure to present to you on behalf of the Board of Directors, the Annual Report and Financial Statements of the Group and of the Company for the financial year ended December 31, 2015 (FY2015).

Operational Highlights

Daibochi continued with its ongoing commitment to increase production capacities and capabilities by acquiring state of the art machinery in the year under review. Cognizant of the inherent opportunities in regional markets, we invested RM19 million in capital expenditure (CAPEX) on new machinery for our Ayer Keroh plant. These comprised a wider-web high-speed laminating machine and a high-speed printing machine, which would enhance our production efficiency and reduce material wastage.

Financial Review

Despite a challenging year, I am delighted to report that Daibochi attained a group net profit of RM26.7 million in FY2015, jumping 12.6% from RM23.7 million a year ago. Group profit before tax leaped 15.1% to RM35.7 million versus RM31.0 million previously.

Meanwhile, FY2015 group revenue remained largely unchanged at RM345.0 million from RM344.5 million a year ago.

The export market was certainly the star performer in the year under review, where sales to overseas clientele constituted 53% of total turnover, climbing from 50% a year ago. This commendable increase was attributable to the weaker ringgit, commencement of new product lines, as well as the commercialization of a new in-house innovation developed for a client's new product line.

With the upsurge in exports and new business lines taking off, Daibochi's consumer flexible packaging maintained course in garnering a wider market share in regional markets. The Group's packaging solutions are increasingly used in many leading brands of food and beverage (F&B) and FMCG products. These successes speak volumes of the Group's experience and capabilities in supporting the requirements of our clients to succeed in highly-competitive market environments.

All in all, the successful commercialization of these additional businesses are the result of the Group's unwavering attention to innovation and capacity expansion, as demonstrated through our ongoing research and development, as well as the commencement of Daibochi Plastic Plant 2 ("DPP2") in 2014.

The Malaysian market, however, weathered a tougher climate as sales were adversely affected post-GST implementation. Even so, the decline in domestic sales was less pronounced in the final quarter of 2015 compared to previous quarters, indicating a possible bottoming out of this trend.

The enhanced profitability was primarily due to improved margins on increasing export sales as a result of a weaker ringgit versus other foreign currencies, adoption of new product innovations, the reduction in raw material prices, as well as favourable product mix.

Moreover, we believe the Group's ongoing emphasis on improving production and cost-efficiency, even in the face of higher costs of utilities and inputs have also contributed to this record performance.

The Group's balance sheet as at December 31, 2015 remained healthy with significant improvement in key indicators. Shareholders' equity grew to RM181.5 million on higher retained earnings, compared to RM168.3 million in the previous year. Also, group borrowings amounted to RM43.9 million, substantially pared down from RM59.5 million previously. We registered a higher current ratio of 1.55 times compared to 1.45 times a year ago, while net gearing improved to 0.14 time from 0.31 time previously.

Dividends

Daibochi adhered to its dividend policy of distributing not less than 60% of group net profit to shareholders.

In respect of FY2015, we declared dividends amounting to 5.87* sen per share. Additionally, in line with our practice of paying dividends on a quarterly basis, dividends were paid to shareholders through four interim single-tier dividends of 1.45* sen, 1.66* sen, 1.46* sen and 1.30 sen respectively.

Total dividend payout in respect of FY2015 amounted to RM16.0 million, representing 60.0% of net profit for the year.

**based on enlarged share base of 273.246 million shares following the 1-to-2 share split and 1-for-5 bonus issue of split shares completed on 22 February 2016*

Corporate Developments

The Group completed a corporate exercise on February 22, 2016, comprising a 1-to-2 share split and 1-for-5 bonus issue of 45.5 million new shares.

Following the 1-to-2 share split, the Group's outstanding shares effectively rose to 227.7 million shares of RM0.50 par, from 113.9 million shares of RM1.00 par previously; while the bonus issue of 45.5 million new shares further increased our share capital to RM136.6 million comprising 273.2 million shares of RM0.50 par.

The enlarged share base was aimed at improving trading liquidity of our shares on the Main Market of Bursa Malaysia.

Corporate Governance

Daibochi is committed to upholding the highest standards of corporate governance in accordance with Bursa Malaysia's Listing Requirements and the Malaysian Code on Corporate Governance 2012. Towards achieving this, the Board ensures that business integrity, professionalism and transparency are observed and practised throughout the Group.

In 2015, the Group established a Risk Management Committee to ensure prudent risk management of our business and operations, as well as safeguard shareholders' investments and the assets of the Group.

Additionally, for the third consecutive year, the Group clinched the Minority Shareholder Watchdog Group's (MSWG) Merit Award for Top Corporate Governance And Performance in 2015 for companies with market capitalisation of between RM300 million to RM1 billion. The Group also ranked among the Top 100 Companies in the Malaysian Chapter of the MWSG-ASEAN Corporate Governance Transparency Index 2015.

These achievements reaffirm our commitment towards maintaining good corporate governance and transparency.

Industry Outlook & Growth Prospects

Daibochi is optimistic of our long term business prospects on the back of a continued uptrend in the global flexible packaging market.

Reports from packaging research organisation Smithers Pira estimates the 2015 global flexible packaging market to be valued at approximately USD210 billion and is forecast to grow at an average of 3% per year to reach USD248 billion by 2020.

More specifically, consumer-based flexible packaging is expected to expand at an even quicker pace of 4% per year, led chiefly by higher demand from Asia. This would see its market share increase from about USD92 billion in 2015 to USD114 billion by 2020.

As a key player in Asia Pacific's consumer flexible packaging market, Daibochi is firmly established in the ever-growing F&B and FMCG industries of Southeast Asia and ANZ. We believe the region's vast potential would lead to many exciting opportunities in the years ahead. These would be driven by booming populations, stronger economies and rising consumer spending – the precursors to higher demand for flexible packaging.

In this regard, we intend to leverage on our long standing partnerships with leading MNCs in both the domestic and export markets to secure more contracts going forward in support of our clients' aggressive expansions. Additionally, we seek to further enlarge our client base with a focus on growth-centric MNCs.

Furthermore, we strive to maintain our core competency in undertaking research and innovation of new products and solutions that optimize client productivity and costs. We maintain a developmental pipeline of new innovations to be potentially commercialized in future. Such innovations are often developed in-house or together with our clients, with the goal of honing competitive edge and/or attaining greater cost savings.

Correspondingly, the Group has also earmarked RM20 million in CAPEX in order to expand our production capacity to meet steadily increasing production requirements. The CAPEX, to be utilized for the expansion of DPP2, new blown film and bagging machines, would also enable us to benefit from special reinvestment allowances stipulated in the Malaysian Budget 2016.

At the same time, the Group is mindful of increasing challenges in the Malaysian labour market. The upward revision in the national minimum wage policy which would come into effect in July 2016 and the increase in foreign worker levy, are expected to pose higher operating costs. To mitigate these pressures, the Group has established a dedicated working team to conduct a review of our operations with a view to achieving better cost management and sustainable savings in the long run.

On the whole, we believe that Daibochi is employing business strategies that would culminate in excellent results and pave the way for sustainable growth. Backed with the Group's track record thus far, I am confident that the management team would continue to lead the Group towards new heights in the years ahead.

Appreciation

On behalf of the Board, I would like to express our gratitude to our esteemed Directors, the management and all employees of Daibochi. Your unwavering contributions are pivotal to the Group's many successes to date and in the future. We would also like to thank our valued investors/shareholders, customers and suppliers for their continued trust and support over the years.

P. JAMES EDWIN A/L LOUIS PUSHPARATNAM
CHAIRMAN

March 28, 2016

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, 2015.

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 disclosed in Notes 11 and 12 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	26,721	24,432

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:

(a) a fourth interim single tier dividend of 3.5% amounting to RM3,977,794 in respect of the financial year ended December 31, 2014 on March 27, 2015;

(b) a first interim single tier dividend of 3.5% amounting to RM3,969,958 in respect of the financial year ended December 31, 2015 on June 19, 2015;

(c) a second interim single tier dividend of 4.0% amounting to RM4,537,436 in respect of the financial year ended December 31, 2015 on September 29, 2015; and

(d) a third interim single tier dividend of 3.5% amounting to RM3,983,058 in respect of the financial year ended December 31, 2015 on December 28, 2015.

On February 22, 2016, the directors declared a fourth interim single tier dividend of 1.3%, amounting to RM3,552,198 in respect of the financial year ended December 31, 2015 which will be paid on April 8, 2016. The said dividend has not been included as a liability in the financial statements as of December 31, 2015.

The directors do not recommend the payment of any final dividend in respect of the financial year ended December 31, 2015.

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 693,000 of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of the shares was RM2,999,341 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 RM4.33. The Company had also disposed of 1,201,300 treasury shares valued at RM4.39 for a total net consideration of RM5,268,082 in the open market, resulting in a surplus of RM72,292 which has been credited to the share premium account as disclosed in Note 20 to the financial statements.

As of December 31, 2015, there were no treasury shares held by the Company as disclosed in Note 19 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 had satisfied themselves that all known bad debts had been 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 the amount written off for bad debts inadequate to any substantial extent or necessitate the 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 liabilities of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liabilities have 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 Wira 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, P. James Edwin A/L Louis Pushparatnam and Datuk Wira Wong Soon Lim 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 1.1.2015	Bought / Transferred in	Sold	Balance as of 31.12.2015
Interests in the Company				
Direct interests				
Low Chan Tian	7,442,580	4,310,011#	-	11,752,591
Datuk Wira Wong Soon Lim	6,129,009	210,000	(500,000)	5,839,009
Low Geoff Jin Wei	4,532,420	220,000	-	4,752,420
Lim Soo Koon	180,000	-	-	180,000
P. James Edwin A/L Louis Pushparatnam	9,420	-	-	9,420
Caroline Ang Choo Bee	6,000	-	-	6,000
Heng Fu Joe	-	-	-	-

	Number of ordinary shares of RM1 each			
	Balance as of 1.1.2015	Bought / Transferred in	Transferred out	Balance as of 31.12.2015
Deemed interests *				
Low Chan Tian	2,655,840	-	(2,655,840) #	-
Datuk Wira Wong Soon Lim	789,450	-	-	789,450
Caroline Ang Choo Bee	27,000	-	-	27,000

* Registered in the name of director's spouse/child.
\# Shares transferred from/to immediate family member/(s).

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.

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.

SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

The significant event during and subsequent to the financial year is disclosed in Note 30 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 WIRA WONG SOON LIM**

Melaka
March 28, 2016

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, 2015 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 53 to 105.

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, 2015 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 11 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 106 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	**NG CHEE HOONG**
(NO. AF: 0737)	**(NO: 2278/10/16(J))**
CHARTERED ACCOUNTANTS	**CHARTERED ACCOUNTANT**

Kuala Lumpur
March 28, 2016

Statements Of Profit or Loss And Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	5	**344,953**	344,505	**340,013**	333,948
Cost of sales		**(293,067)**	(296,484)	**(292,444)**	(291,526)
Gross profit		**51,886**	48,021	**47,569**	42,422
Other income		**4,366**	3,583	**4,770**	3,515
Selling and distribution costs		**(9,464)**	(9,361)	**(8,749)**	(8,687)
Administrative expenses		**(10,227)**	(10,221)	**(8,131)**	(6,956)
Finance costs	6	**(2,371)**	(1,942)	**(2,293)**	(1,942)
Share of profit of equity-accounted associate	12	**1,538**	968	**-**	-
Profit before tax	7	**35,728**	31,048	**33,166**	28,352
Income tax expense	8	**(9,007)**	(7,312)	**(8,734)**	(6,832)
Profit for the financial year		**26,721**	23,736	**24,432**	21,520
Other comprehensive income for the financial year, net of income tax					
Item that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		**629**	(153)	**-**	-
Total comprehensive income for the financial year		**27,350**	23,583	**24,432**	21,520
Earnings per ordinary share attributable to owners of the Company - basic (sen)	9	**9.80**	8.70		

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

AS OF DECEMBER 31, 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	133,669	123,225	133,544	123,089
Investments in subsidiaries	11	-	-	6,699	7,199
Investment in an associate	12	22,191	22,688	-	-
Deferred tax assets	13	114	64	-	-
		155,974	145,977	140,243	130,288
Current assets					
Inventories	14	65,116	62,997	59,624	59,233
Trade and other receivables	15	54,848	77,220	50,764	69,977
Tax recoverable		154	123	-	-
Amounts receivable from subsidiaries	16	-	-	14,344	17,497
Derivative financial assets	17	48	37	48	37
Short-term deposits, cash and bank balances	18	18,988	7,686	14,086	4,370
		139,154	148,063	138,866	151,114
Total Assets		295,128	294,040	279,109	281,402

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company:					
Share capital	19	**113,853**	113,853	**113,853**	113,853
Treasury shares	19	**-**	(2,196)	**-**	(2,196)
Reserves	20	**67,621**	56,667	**52,649**	44,613
Total Equity		**181,474**	168,324	**166,502**	156,270
LIABILITIES					
Non-current liabilities					
Trade and other payables	21	**364**	52	**364**	-
Loans and borrowings	22	**11,961**	13,222	**11,961**	13,222
Deferred tax liabilities	13	**11,441**	10,598	**11,739**	10,976
		23,766	23,872	**24,064**	24,198
Current liabilities					
Trade and other payables	21	**54,529**	54,767	**53,185**	53,466
Amount payable to a subsidiary	16	**-**	-	**-**	423
Loans and borrowings	22	**31,960**	46,299	**31,960**	46,299
Derivative financial liabilities	17	**341**	72	**341**	72
Tax payable		**3,058**	706	**3,057**	674
		89,888	101,844	**88,543**	100,934
Total Liabilities		**113,654**	125,716	**112,607**	125,132
Total Equity and Liabilities		**295,128**	294,040	**279,109**	281,402

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

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

Group	Note	Issued Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
		Attributable to Owners of The Company					
				Non-distributable Reserves		Distributable Reserve	
Balance as of January 1, 2014		113,853	(167)	2,910	(188)	45,678	162,086
Profit for the financial year		-	-	-	-	23,736	23,736
Other comprehensive income for the financial year, net of income tax		-	-	-	(153)	-	(153)
Total comprehensive income for the financial year		-	-	-	(153)	23,736	23,583
Transactions with owners:							
Dividends paid to owners of the Company	23	-	-	-	-	(15,347)	(15,347)
Share buy-back	19	-	(2,414)	-	-	-	(2,414)
Disposal of treasury shares	19, 20	-	385	31	-	-	416
Total transactions with owners		-	(2,029)	31	-	(15,347)	(17,345)
Balance as of December 31, 2014 / January 1, 2015		113,853	(2,196)	2,941	(341)	54,067	168,324
Profit for the financial year		-	-	-	-	26,721	26,721
Other comprehensive income for the financial year, net of income tax		-	-	-	629	-	629
Total comprehensive income for the financial year		-	-	-	629	26,721	27,350
Transactions with owners:							
Dividends paid to owners of the Company	23	-	-	-	-	(16,468)	(16,468)
Share buy-back	19	-	(3,000)	-	-	-	(3,000)
Disposal of treasury shares	19, 20	-	5,196	72	-	-	5,268
Total transactions with owners		-	2,196	72	-	(16,468)	(14,200)
Balance as of December 31, 2015		113,853	-	3,013	288	64,320	181,474

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, 2014		113,853	(167)	2,910	35,499	152,095
Total comprehensive income for the financial year		-	-	-	21,520	21,520
Transactions with owners:						
Payment of dividends	23	-	-	-	(15,347)	(15,347)
Share buy-back	19	-	(2,414)	-	-	(2,414)
Disposal of treasury shares	19, 20	-	385	31	-	416
Total transactions with owners		-	(2,029)	31	(15,347)	(17,345)
Balance as of December 31, 2014 / January 1, 2015		113,853	(2,196)	2,941	41,672	156,270
Total comprehensive income for the financial year		**-**	**-**	**-**	**24,432**	**24,432**
Transactions with owners:						
Payment of dividends	23	**-**	**-**	**-**	**(16,468)**	**(16,468)**
Share buy-back	19	**-**	**(3,000)**	**-**	**-**	**(3,000)**
Disposal of treasury shares	19, 20	**-**	**5,196**	**72**	**-**	**5,268**
Total transactions with owners		**-**	**2,196**	**72**	**(16,468)**	**(14,200)**
Balance as of December 31, 2015		**113,853**	**-**	**3,013**	**49,636**	**166,502**

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

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers and other receivables		388,444	346,190	377,531	333,427
Cash paid to suppliers, employees and other payables		(319,199)	(305,920)	(310,178)	(297,092)
Cash generated from operations		69,245	40,270	67,353	36,335
Interest received		46	32	41	23
Interest paid		(1,412)	(985)	(1,334)	(985)
Tax paid		(5,892)	(6,253)	(5,587)	(5,608)
Net Cash From Operating Activities		61,987	33,064	60,473	29,765
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		71	33	71	29
Dividend income from an associate		2,036	2,036	-	-
Acquisition of a subsidiary		-	-	-	#
Purchase of property, plant and equipment(*)	10	(12,768)	(24,656)	(12,756)	(24,644)
Proceeds from disposal of property, plant and equipment		250	102	250	102
Net Cash Used In Investing Activities		(10,411)	(22,485)	(12,435)	(24,513)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Share buy-back	19	(3,000)	(2,414)	(3,000)	(2,414)
Proceeds from disposal of treasury shares		5,268	416	5,268	416
Drawdown of term loans		-	10,999	-	10,999
Repayment of term loans		(9,278)	(10,045)	(9,278)	(10,045)
Dividends paid to owners of the Company	23	(16,468)	(15,347)	(16,468)	(15,347)
Interest paid		(959)	(957)	(959)	(957)
(Repayment of)/proceeds from short-term borrowings (net)		(14,094)	160	(14,094)	160
Repayment from subsidiaries		-	-	2,200	5,925
Advances to a subsidiary		-	-	(2)	-
Repayment of finance leases		(817)	(279)	(817)	(279)
Net Cash Used In Financing Activities		(39,348)	(17,467)	(37,150)	(11,542)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		12,228	(6,888)	10,888	(6,290)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		6,514	13,458	3,198	9,488
Effect of exchange differences		246	(56)	-	-
		6,760	13,402	3,198	9,488
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	24	18,988	6,514	14,086	3,198

\# Denotes RM3

(*) During the financial year, the Group's and the Company's addition to property, plant and equipment amounted to RM22,529,000 and RM22,517,000 respectively of which RM9,761,000 was financed through finance-lease arrangements. The balance of RM12,768,000 and RM12,756,000 for the Group and the Company respectively was paid in cash. There were no finance lease arrangements for the Group and the Company in 2014.

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 disclosed in Notes 11 and 12 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, 2016 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 amendments to FRSs issued by the MASB that is relevant to their operations and mandatory for financial periods beginning on or after January 1, 2015:

Amendments to FRSs

Amendment to FRS 3	Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)
Amendment to FRS 8	Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)
Amendment to FRS 13	Fair Value Measurement (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)
Amendment to FRS 116	Property, Plant and Equipment (Annual Improvements to FRSs 2010-2012 Cycle)
Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Amendment to FRS 124	Related Party Disclosures (Annual Improvements to FRSs 2010-2012 Cycle)

The adoption of the 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 ("TE") will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by TE will be mandatory for annual financial periods beginning on or after January 1, 2013. On July 4, 2012, the MASB has decided to allow TE 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.

On September 2, 2014, with the issuance of MFRS 15 Revenue from Contracts with Customers and Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141), the MASB announced that TE are required to apply the MFRS Framework for annual periods beginning on or after January 1, 2017. On October 28, 2015, the MASB notified that the effective date of MFRS 15 is deferred to annual periods beginning on or after January 1, 2018. Accordingly, the effective date of application of MFRS Framework of the TE is also deferred to annual periods beginning on or after January 1, 2018.

An associate of the Group falls within the scope of definition of TE and has 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, 2018.

Summary of the requirements of MFRS 15 is as follows:

<u>MFRS 15 Revenue from Contracts with Customers</u>

MFRS 15 presents new requirements for the recognition of revenue, replacing the guidance of MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, and IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue - Barter Transaction Involving Advertising Services. The principles in MFRS 15 provide a more structured approach to measuring and recognising revenue. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) FRSs and Amendments to FRSs

At the date of authorisation of these financial statements, certain new standards and amendments to existing standards have been published by the MASB but are not yet effective, and have not been adopted by the Group and the Company are as listed below:

		Effective for Financial Periods Beginning On or After
FRS 14	Regulatory Deferral Accounts	January 1, 2016
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to FRSs 2012-2014 Cycle)	January 1, 2016
Amendments to FRS 7	Financial Instruments: Disclosures (Annual Improvements to FRSs 2012-2014 Cycle)	January 1, 2016
Amendments to FRS 10, FRS 12 & FRS 128	Applying the Consolidation Exception	January 1, 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
Amendments to FRS 101	Disclosure Initiative	January 1, 2016
Amendments to FRS 116 & FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	January 1, 2016
Amendment to FRS 119	Employee Benefits (Annual Improvements to FRSs 2012-2014 Cycle)	January 1, 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	January 1, 2016
Amendment to FRS 134	Interim Financial Reporting (Annual Improvements to FRSs 2012-2014 Cycle)	January 1, 2016
FRS 9 (IFRS 9 (2014))	Financial Instruments (IFRS 9 as issued by IASB in July 2014)	January 1, 2018

		Effective for Financial Periods Beginning On or After
Amendments to FRS 10 & FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred to a date to be announced by the MASB.

Management anticipates that all relevant pronouncements will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of pronouncement. Information on new standards and amendments are not expected to have a material impact on the Group's and the Company's financial statements except for:

FRS 9 Financial Instruments

FRS 9 replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous version of FRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of FRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions.

The Group and the Company are currently examining the financial impact of adopting FRS 9.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue and income recognition

Revenue from sale 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 and land 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. 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”)

GST is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6% in Malaysia.

The Group’s sale of goods in Australia and New Zealand are subjected to GST at the applicable rates of 10% and 15% for Australia and New Zealand 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 authorities. 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; and

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

The net amount of GST recoverable from, or payable to, the taxation authorities are included as part of receivables or payables in the statements of financial position.

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, 2015.

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. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transaction will be treated in accordance to FRS 112 Income Taxes.

(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 in the financial year in which the asset is derecognised.

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% - 40%

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.

Upon disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(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.

(l) 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.

(m) 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.

The Group's obligation in respect of additional contributions for the retention of certain key management personnel is measured at the present value of the estimated future cash flows to be made at the reporting date.

The defined contribution plans are classified as current liabilities, except for those having settlement after 12 months at the end of the reporting period which are classified as non-current.

(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.

(n) 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.

(o) 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.

(p) 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.

(q) 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 liabilities as disclosed under Note 17 to the financial statements.

(r) **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.

(s) **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.

(t) 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.

(u) Operating segments

Operating segment 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.

(v) 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 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).
(8) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Manufacturing and marketing of flexible packaging materials	344,953	340,143	340,013	333,948
Sale of completed property units	-	1,462	-	-
Sale of land	-	2,900	-	-
	344,953	344,505	340,013	333,948

6. FINANCE COSTS

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Interest expense on:				
Term loans	**780**	940	**780**	940
Bank overdrafts	**82**	54	**82**	54
Bankers' acceptances	**982**	931	**982**	931
Vendor financing	**348**	-	**270**	-
Finance lease	**179**	17	**179**	17
	2,371	1,942	**2,293**	1,942

7. PROFIT BEFORE TAX

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

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Audit fee				
- Current	**146**	146	**96**	91
- Under provision in prior year	**1**	-	**-**	-
Bad debt written off	**2**	14	**-**	-
Depreciation of property, plant and equipment	**12,015**	11,117	**11,982**	11,086
Debt waiver by a subsidiary	**-**	-	**(421)**	-
Employee benefits expenses:				
- Salaries and other emoluments	**35,800**	33,157	**34,607**	31,475
- Defined contribution plans	**3,335**	2,678	**3,228**	2,510
Foreign exchange (gain)/loss:				
- Realised	**(2,020)**	(582)	**(2,034)**	(611)
- Unrealised	**341**	(478)	**352**	(495)
Interest income	**(117)**	(65)	**(112)**	(52)
Fair value adjustment for defined contribution plan	**(192)**	-	**(192)**	-
Property, plant and equipment:				
- (Gain)/Loss on disposal	**(228)**	7	**(228)**	7
- Write-offs	**58**	203	**58**	203
Rental of premises	**1,010**	854	**592**	472
Rental of equipment	**429**	372	**429**	372
Investment in subsidiaries written off	**-**	-	**500**	-

Directors' remuneration

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors' remuneration:				
- Executive				
Salaries and other emoluments	2,606	2,607	2,606	2,237
Defined contribution plans	426	426	426	372
- Non executive				
Fees	126	116	126	116
Other emoluments	177	174	177	174
	3,335	3,323	3,335	2,899

The estimated monetary value of benefits-in-kind received by the directors of the Company during the financial year amounted to RM42,000 (2014: RM46,000).

8. INCOME TAX EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current				
- Malaysian tax	7,778	4,736	7,777	4,674
- Foreign tax	223	333	-	-
Under/(Over) provision in prior year	204	(79)	194	(80)
	8,205	4,990	7,971	4,594
Deferred tax (Note 13):				
Current year	812	2,337	773	2,253
Overprovision in prior year	(10)	(15)	(10)	(15)
	802	2,322	763	2,238
	9,007	7,312	8,734	6,832

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		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax	**35,728**	31,048	**33,166**	28,352
Tax at the statutory income tax rate of 25% (2014: 25%)	**8,932**	7,762	**8,292**	7,088
Effect of different tax rate of subsidiaries operating in other jurisdictions	**33**	50	**-**	-
Effect of change in tax rate	**(32)**	(457)	**(32)**	(457)
Effects of tax incentives and income not subject to tax:				
- utilisation of exemption on value of export from new market	**(134)**	-	**(134)**	-
- double deduction	**(20)**	(27)	**(20)**	(27)
- others	**(10)**	(10)	**-**	-
Effects of expenses not deductible in determining taxable profit	**429**	330	**446**	323
Share of profit of equity-accounted associate's tax	**(385)**	(242)	**-**	-
Over provision of deferred tax in prior year	**(10)**	(15)	**(10)**	(15)
Under/(Over) provision of income tax expense in prior year	**204**	(79)	**192**	(80)
Income tax expense for the financial year	**9,007**	7,312	**8,734**	6,832

Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profits for the financial year.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

The corporate tax rate will be reduced to 24% for the year of assessment 2016 as announced in Malaysia Budget 2014. Consequently, deferred taxation is measured at 24%.

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	
	2015	**2014 (Restated)**
Profit for the financial year attributable to owners of the Company (RM'000)	**26,721**	23,736
Weighted average number of ordinary shares in issue ('000)		
Issued ordinary shares as of January 1	**273,246**	273,246
Effect of treasury shares held	**(635)**	(423)
Weighted average number of ordinary shares as of December 31	**272,611**	272,823
Basic earnings per ordinary share (sen)	**9.80**	8.70

The earnings per ordinary share for the financial years ended December 31, 2014 and 2015 had been adjusted to reflect the share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each and bonus issue of one (1) for every five (5) split shares held by the entitled shareholders, which were completed on February 22, 2016.

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, 2014	9,887	30,431	151,473	3,893	7,339	20,787	223,810
Additions	-	1,001	22,329	208	485	633	24,656
Disposals	-	-	(238)	(206)	-	-	(444)
Write-offs	-	-	(923)	-	(48)	-	(971)
Reclassification	-	8,268	12,451	-	701	(21,420)	-
Currency translation difference	-	-	-	(4)	(2)	-	(6)
Balance as of December 31, 2014/ January 1, 2015	9,887	39,700	185,092	3,891	8,475	-	247,045
Additions	-	1,777	11,654	487	399	8,212	22,529
Disposals	-	-	(4,318)	-	-	-	(4,318)
Write-offs	-	-	(9,326)	-	(54)	-	(9,380)
Currency translation difference	-	-	-	16	7	-	23
Balance as of December 31, 2015	9,887	41,477	183,102	4,394	8,827	8,212	255,899
Accumulated Depreciation							
Balance as of January 1, 2014	1,226	6,437	98,619	2,767	4,760	-	113,809
Charge	74	749	9,041	556	697	-	11,117
Disposals	-	-	(129)	(206)	-	-	(335)
Write-offs	-	-	(724)	-	(44)	-	(768)
Currency translation difference	-	-	-	(2)	(1)	-	(3)
Balance as of December 31, 2014/ January 1, 2015	1,300	7,186	106,807	3,115	5,412	-	123,820
Charge	74	809	10,039	425	668	-	12,015
Disposals	-	-	(4,296)	-	-	-	(4,296)
Write-offs	-	-	(9,268)	-	(54)	-	(9,322)
Currency translation difference	-	-	-	8	5	-	13
Balance as of December 31, 2015	1,374	7,995	103,282	3,548	6,031	-	122,230
Net Carrying Amount							
As of December 31, 2014	8,587	32,514	78,285	776	3,063	-	123,225
As of December 31, 2015	8,513	33,482	79,820	846	2,796	8,212	133,669

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 December 31, 2014	9,887	30,431	151,450	3,728	7,276	20,787	223,559
Additions	-	1,001	22,329	208	473	633	24,644
Disposals	-	-	(238)	(206)	-	-	(444)
Write-offs	-	-	(923)	-	(48)	-	(971)
Reclassification	-	8,268	12,451	-	701	(21,420)	-
Balance as of December 31, 2014/ January 1, 2015	9,887	39,700	185,069	3,730	8,402	-	246,788
Additions	**-**	**1,777**	**11,654**	**487**	**387**	**8,212**	**22,517**
Disposals	**-**	**-**	**(4,318)**	**-**	**-**	**-**	**(4,318)**
Write-offs	**-**	**-**	**(9,326)**	**-**	**(54)**	**-**	**(9,380)**
Balance as of December 31, 2015	**9,887**	**41,477**	**183,079**	**4,217**	**8,735**	**8,212**	**255,607**
Accumulated Depreciation							
Balance as of January 1, 2014	1,226	6,437	98,594	2,728	4,731	-	113,716
Charge	74	749	9,041	536	686	-	11,086
Disposals	-	-	(129)	(206)	-	-	(335)
Write-offs	-	-	(724)	-	(44)	-	(768)
Balance as of December 31, 2014/ January 1, 2015	1,300	7,186	106,782	3,058	5,373	-	123,699
Charge	**74**	**809**	**10,039**	**404**	**656**	**-**	**11,982**
Disposals	**-**	**-**	**(4,296)**	**-**	**-**	**-**	**(4,296)**
Write-offs	**-**	**-**	**(9,268)**	**-**	**(54)**	**-**	**(9,322)**
Balance as of December 31, 2015	**1,374**	**7,995**	**103,257**	**3,462**	**5,975**	**-**	**122,063**
Net Carrying Amount							
As of December 31, 2014	8,587	32,514	78,287	672	3,029	-	123,089
As of December 31, 2015	**8,513**	**33,482**	**79,822**	**755**	**2,760**	**8,212**	**133,544**

Included in the total net carrying amount of land are:

	Group and Company	
	2015	2014
	RM'000	RM'000
Freehold land	2,851	2,851
Leasehold land with unexpired lease period of more than 50 years	5,662	5,736
	8,513	8,587

The carrying amounts of assets under finance lease arrangements are:

	Group and Company	
	2015	2014
	RM'000	RM'000
Capital work-in-progress	7,372	-
Plant and machinery	3,338	-
Motor vehicles	316	214
	11,026	214

11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	2014
	RM'000	RM'000
Unquoted shares - at cost	6,699	7,199

Details of the direct subsidiaries are as follows:

Name of companies	Country of incorporation	Effective percentage ownership 2015	Effective percentage ownership 2014	Principal activities
Daibochi Land Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Daibochi Technology Sdn. Bhd. #	Malaysia	-	100%	Dormant
Daibochi Trading Sdn. Bhd. #	Malaysia	-	100%	Dormant
Daibochi Flexibles Sdn. Bhd.	Malaysia	100%	100%	Dormant
Daibochi Australia Pty. Ltd.*	Australia	100%	100%	Importing and marketing of packaging materials
Daibochi New Zealand Ltd.^	New Zealand	100%	100%	Importing and marketing of packaging materials

Daibochi Technology Sdn. Bhd. and Daibochi Trading Sdn. Bhd. have been struck off and dissolved following the publication in the Gazette on March 27, 2015 and September 11, 2015 respectively.

The dissolutions do not have any material effect on the Group's and the Company's net assets and earnings for the financial year ended December 31, 2015.

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

^ Subsidiary with special audit performed by Messrs. SJ Grant Thornton for consolidation purposes.

Incorporation of new subsidiary during the financial year ended December 31, 2014:

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.

12. INVESTMENT IN AN ASSOCIATE

	Group	
	2015 RM'000	2014 RM'000
Unquoted shares - at cost	22,568	22,568
Share of post-acquisition reserve	3,695	2,156
Dividend received	(4,072)	(2,036)
	22,191	22,688

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

	Group	
	2015 RM'000	2014 RM'000
Share of net tangible assets - at fair value	21,922	22,419
Goodwill	269	269
	22,191	22,688

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

Name of company	Effective percentage ownership 2015	Effective percentage ownership 2014	Principal activity
Skyline Resources (M) Sdn. Bhd.*	36.32%	36.32%	Property development, contract construction works and property investments

* Associate audited by another firm of chartered accountants other than Messrs. SJ Grant Thornton.

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

	2015 RM'000	2014 RM'000
Assets and liabilities		
Current assets	103,036	88,854
Non-current assets	15,408	22,753
Total Assets	118,444	111,607
Current liabilities	64,224	57,993
Non-current liabilities	102	176
Total Liabilities	64,326	58,169
Results		
Revenue	55,326	52,139
Profit for the financial year/ Total comprehensive income for the financial year	6,285	5,278

Group's share of results for the financial year ended December 31:

	Group	
	2015 RM'000	2014 RM'000
Group's share of profit/Total comprehensive income	1,538	968

The Group's share of profit of the equity-accounted associate amounting to RM1,538,000 (2014: RM968,000) is after taking into consideration the amount of RM744,000 (2014: RM949,000) being the realisation of the revaluation surplus arising from the revaluation of the associate's development land prior to the acquisition of the associate.

	Group	
	2015 RM'000	2014 RM'000
Other information		
Dividend received by the Group	2,036	2,036

13. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	114	64	-	-
Deferred tax liabilities	(11,441)	(10,598)	(11,739)	(10,976)
	(11,327)	(10,534)	(11,739)	(10,976)
As of January 1	(10,534)	(8,210)	(10,976)	(8,738)
Currency translation difference	9	(2)	-	-
Recognised in profit or loss (Note 8)	(802)	(2,322)	(763)	(2,238)
As of December 31	(11,327)	(10,534)	(11,739)	(10,976)

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets				
Provisions	110	61	-	-
Others	4	3	-	-
	114	64	-	-
Deferred tax liabilities				
Property, plant and equipment	12,554	11,532	12,554	11,532
Others	(1,113)	(934)	(815)	(556)
	11,441	10,598	11,739	10,976

14. INVENTORIES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Raw materials	25,137	25,188	25,137	25,188
Work-in-progress	21,938	17,839	21,938	17,839
Finished goods	16,665	18,489	11,173	14,725
Consumables	1,376	1,481	1,376	1,481
	65,116	62,997	59,624	59,233
Recognised as cost of sales:				
Inventories	218,590	223,202	218,077	221,154
Inventories write-down	2,241	2,029	2,092	1,470
Reversal of inventories write-down	(1,280)	(965)	(1,241)	(433)

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Trade receivables	48,607	71,772	44,617	64,635
Other receivables	2,224	500	2,222	484
Prepayments	3,732	4,725	3,692	4,683
Deposits	285	223	233	175
	54,848	77,220	50,764	69,977

Of the trade receivables balance as of December 31, 2015, RM10,913,000 (2014: RM30,796,000) 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 on 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		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	42,220	55,237	38,491	48,226
Past due but not impaired:				
1 month	5,622	14,028	5,411	13,949
2 months	583	1,314	584	1,307
3 months	126	501	100	501
More than 3 months	56	692	31	652
	6,387	16,535	6,126	16,409
Total trade receivables	48,607	71,772	44,617	64,635

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	24,129	38,961	24,129	38,961
United States Dollar	15,187	21,279	14,848	20,809
Australian Dollar	3,291	6,524	-	-
Thai Baht	4,319	4,832	4,319	4,832
Euro	1,317	-	1,317	-
New Zealand Dollar	360	143	-	-
Singapore Dollar	4	33	4	33
	48,607	71,772	44,617	64,635

16. AMOUNTS RECEIVABLE FROM SUBSIDIARIES AND PAYABLE TO A SUBSIDIARY

	Company	
	2015	2014
	RM'000	RM'000
Amounts receivable from subsidiaries:		
Trade related	7,398	8,353
Non-trade related	6,946	9,144
	14,344	17,497
Amount payable to a subsidiary:		
Non-trade related	-	423

Amounts receivable from subsidiaries and amount payable to a subsidiary are unsecured, interest free and repayable on demand, except for the trade transactions which are repayable within the normal trade terms of 90 days (2014: 90 days).

Analysis of ageing of past due but not impaired for the trade related intercompany transactions as of the end of the reporting period was:

	Company	
	2015	2014
	RM'000	RM'000
Neither past due nor impaired	6,913	8,217
Past due but not impaired:		
1 month	132	1
2 months	251	111
3 months	102	24
	485	136
	7,398	8,353

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

	Company	
	2015	2014
	RM'000	RM'000
Ringgit Malaysia	6,946	9,144
Australian Dollar	5,514	6,676
United States Dollar	858	1,072
New Zealand Dollar	1,026	605
	14,344	17,497

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

17. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

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

	Group and Company			
	2015		2014	
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Foreign currency forward contracts:				
Australian Dollar	-	(258)	37	-
Thai Baht	-	(83)	-	(72)
Euro	48	-	-	-
	48	(341)	37	(72)

18. SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Short-term deposits with a licensed bank	2,700	-	2,700	-
Cash and bank balances	16,288	7,686	11,386	4,370
	18,988	7,686	14,086	4,370

During the financial year, short-term deposits of the Group and of the Company with a licensed bank earn interest at rates ranging from 2.40% to 2.75% (2014: 1.60% to 2.25%) per annum and have maturity periods ranging from 1 to 14 days (2014: 1 to 4 days).

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	6,644	2,972	6,583	2,287
United States Dollar	7,574	2,491	7,503	2,083
Australian Dollar	4,632	2,075	-	-
New Zealand Dollar	138	148	-	-
	18,988	7,686	14,086	4,370

19. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2015	2014	2015	2014
	'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/December 31	113,853	113,853	113,853	113,853
Treasury shares				
As of January 1			(2,196)	(167)
Share buy-back			(3,000)	(2,414)
Disposal of treasury shares			5,196	385
As of December 31			-	(2,196)

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 693,000 (2014: 562,100) of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of the shares was RM2,999,341 (2014: RM2,413,799) 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 RM4.33 (2014: RM4.29). The Company had also disposed of 1,201,300 (2014: 100,000) treasury shares valued at RM4.39 (2014: RM4.15) for a total net consideration of RM5,268,082 (2014: RM415,424) in the open market, resulting in a surplus of RM72,292 (2014: RM31,262) which has been credited to the share premium account.

There were no treasury shares held by the Company (2014: 508,300 shares) out of its 113,852,496 (2014: 113,852,496) issued ordinary shares. The treasury shares as of December 31, 2014 were held in accordance with Section 67A of the Companies Act 1965 at a carrying amount of RM2,196,450.

20. RESERVES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Non-distributable reserves:				
Share premium	3,013	2,941	3,013	2,941
Translation reserve	288	(341)	-	-
Distributable reserve:				
Retained earnings	64,320	54,067	49,636	41,672
	67,621	56,667	52,649	44,613

Share premium

	Group and Company	
	2015	2014
	RM'000	RM'000
As of January 1	2,941	2,910
Disposal of treasury shares	72	31
As of December 31	3,013	2,941

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	
	2015	2014
	RM'000	RM'000
As of January 1	(341)	(188)
Exchange differences arising on translation of foreign operations	629	(153)
As of December 31	288	(341)

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

Retained earnings

The entire retained earnings as of December 31, 2015 of the Company is available for distribution as dividend under the single tier system without incurring additional tax liabilities.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current:				
Provisions	364	52	364	-
Current:				
Trade payables	41,262	41,683	40,885	41,421
Other payables	3,405	3,014	2,890	2,767
Accrued expenses	9,667	9,951	9,407	9,275
Provisions	192	116	-	-
Deposits payable	3	3	3	3
	54,529	54,767	53,185	53,466

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

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
As of January 1	168	132	-	-
Provisions made during the financial year	379	42	364	-
Utilised during the financial year	(8)	-	-	-
Currency translation difference	17	(6)	-	-
As of December 31	556	168	364	-

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	34,348	33,739	34,348	33,736
United States Dollar	6,537	7,523	6,537	7,523
Australian Dollar	333	256	-	-
Other currencies	44	165	-	162
	41,262	41,683	40,885	41,421

22. LOANS AND BORROWINGS

Group and Company	Non-current RM'000	Current RM'000	Total RM'000
2015			
Secured finance lease liabilities	6,559	2,603	9,162
Unsecured term loans	5,402	7,758	13,160
Unsecured bankers' acceptances	-	21,599	21,599
	11,961	31,960	43,921
2014			
Secured finance lease liabilities	34	184	218
Unsecured term loans	13,188	9,250	22,438
Unsecured bankers' acceptances	-	35,693	35,693
Unsecured bank overdrafts (Note 24)	-	1,172	1,172
	13,222	46,299	59,521

The Group's and the 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 were granted with a negative pledge over all the Company's assets.

Finance lease liabilities

The non-current portion is repayable as follows:

Group and Company	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
2015			
Later than one year but not later than five years	6,954	395	6,559
2014			
Later than one year but not later than five years	34	#	34

# Denotes RM402

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

	Group and Company	
	2015	2014
	RM'000	RM'000
Ringgit Malaysia	35,021	45,460
United States Dollar	8,900	14,061
	43,921	59,521

23. DIVIDENDS

	Group and Company	
	2015	2014
	RM'000	RM'000
Fourth interim single tier dividend for 2014 of 3.5%, paid on March 27, 2015 (2014: 4.0% single tier dividend for 2013, paid on March 28, 2014)	3,978	4,552
First interim single tier dividend for 2015 of 3.5%, paid on June 19, 2015 (2014: 3.5% single tier dividend, paid on June 26, 2014)	3,970	3,982
Second interim single tier dividend for 2015 of 4.0%, paid on September 29, 2015 (2014: 3.5% single tier dividend, paid on September 11, 2014)	4,537	3,978
Third interim single tier dividend for 2015 of 3.5%, paid on December 28, 2015 (2014: 2.5% single tier dividend, paid on December 11, 2014)	3,983	2,835
	16,468	15,347

On February 22, 2016, the directors declared a fourth interim single tier dividend of 1.3%, amounting to RM3,552,198 in respect of the financial year ended December 31, 2015 which will be paid on April 8, 2016. The financial statements do not reflect this dividend declared after December 31, 2015, which will be accounted for as an appropriation of retained earnings in the financial year ending December 31, 2016.

The directors do not recommend the payment of any final dividend in respect of the financial year ended December 31, 2015.

24. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term deposits with a licensed bank (Note 18)	**2,700**	-	**2,700**	-
Cash and bank balances (Note 18)	**16,288**	7,686	**11,386**	4,370
Bank overdrafts (Note 22)	**-**	(1,172)	**-**	(1,172)
	18,988	6,514	**14,086**	3,198

25. RELATED PARTY TRANSACTIONS

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

	Company	
	2015 RM'000	2014 RM'000
Subsidiaries		
Daibochi Australia Pty. Ltd.		
- Sale of goods	**44,465**	34,064
Daibochi New Zealand Limited		
- Sale of goods	**2,929**	1,420
Daibochi Land Sdn. Bhd.		
- Repayment of advances	**2,200**	5,900

Compensation of key management personnel

The remuneration of key management personnel, excluding directors of the Company which is disclosed in the Note 7 to the financial statements, during the financial year are as follows:

	Group and Company	
	2015 RM'000	2014 RM'000
Short-term employee benefits	**1,897**	1,753
Defined contribution plans	**872**	299
	2,769	2,052

26. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial assets				
Derivative financial assets	48	37	48	37
Loans and receivables:				
Trade and other receivables	50,831	72,272	46,839	65,119
Deposits	285	223	233	175
Amounts receivable from subsidiaries	-	-	14,344	17,497
Short-term deposits, cash and bank balances	18,988	7,686	14,086	4,370
Financial liabilities				
Derivative financial liabilities	341	72	341	72
Other financial liabilities measured at amortised cost:				
Trade and other payables	54,893	54,819	53,549	53,466
Loans and borrowings	43,921	59,521	43,921	59,521
Amount payable to a subsidiary	-	-	-	423

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.

Market risk exposures are measured and supplemented by sensitivity analysis as disclosed in Notes 26(a)(i) and 26(a)(ii) 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.

(i) 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 by the amounts shown below.

	Increase/(decrease) in profit			
	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
United States Dollar	(452)	(136)	(481)	(146)
Australian Dollar	1,280	(203)	1,280	(203)
Euro	(139)	-	(139)	-
Thai Baht	(4)	(109)	(4)	(109)
Other currencies	(47)	(29)	(47)	(29)
	638	(477)	609	(487)

Foreign currency forward contracts

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
2015				
Sell Australian Dollar				
- Less than 1 year	3.116	9,900	30,850	31,108
Sell Thai Baht				
- Less than 1 year	0.118	40,000	4,716	4,799
Buy Euro				
- Less than 1 year	4.586	280	1,284	1,332
2014				
Sell Australian Dollar				
- Less than 1 year	2.905	914	2,655	2,618
Sell Thai Baht				
- Less than 1 year	0.103	25,000	2,584	2,656

(ii) 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 22 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 by the amounts shown below. This analysis assumes that all other variables, remain constant.

	Group and Company	
	2015	**2014**
	RM'000	**RM'000**
Increase/Decrease in profit	**±26**	±59

(b) 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 15 and 28 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.

(c) 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	Contractual interest rate %	Carrying amount RM'000	Contractual cash flow RM'000	Less than 1 year RM'000	1 - 5 years RM'000
2015					
Trade and other payables	-	54,893	54,893	54,529	364
Loans and borrowings:					
Finance lease liabilities	2.49-2.57	9,162	9,950	2,996	6,954
Term loans	4.34-4.68	13,160	13,879	8,169	5,710
Bankers' acceptances	0.75-3.95	21,599	21,655	21,655	-
Derivative financial liabilities	-	341	341	341	-
		99,155	100,718	87,690	13,028
2014					
Trade and other payables	-	54,819	54,819	54,767	52
Loans and borrowings:					
Finance lease liabilities	2.53-3.10	218	224	190	34
Term loans	2.38-4.57	22,438	23,970	10,058	13,912
Bankers' acceptances	0.80-4.01	35,693	35,888	35,888	-
Bank overdrafts	7.10-7.85	1,172	1,172	1,172	-
Derivative financial liabilities	-	72	72	72	-
		114,412	116,145	102,147	13,998
Company					
2015					
Trade and other payables	-	53,549	53,549	53,185	364
Loans and borrowings:					
Finance lease liabilities	2.49-2.57	9,162	9,950	2,996	6,954
Term loans	4.34-4.68	13,160	13,879	8,169	5,710
Bankers' acceptances	0.75-3.95	21,599	21,655	21,655	-
Derivative financial liabilities	-	341	341	341	-
		97,811	99,374	86,346	13,028
2014					
Trade and other payables	-	53,466	53,466	53,466	-
Amount payable to a subsidiary	-	423	423	423	-
Loans and borrowings:					
Finance lease liabilities	2.53-3.10	218	224	190	34
Term loans	2.38-4.57	22,438	23,970	10,058	13,912
Bankers' acceptances	0.80-4.01	35,693	35,888	35,888	-
Bank overdrafts	7.10-7.85	1,172	1,172	1,172	-
Derivative financial liabilities	-	72	72	72	-
		113,482	115,215	101,269	13,946

The finance lease liabilities and the term loans of the Group and of the Company are repayable by 36 to 60 monthly instalments (2014: 60 monthly instalments) and 36 to 60 monthly instalments (2014: 5 quarterly instalments to 60 monthly instalments) respectively.

(d) 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.

(e) 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.

Group and Company	Fair value of financial instruments carried at fair value				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
2015					
Financial asset					
Foreign currency forward contracts	**-**	**48**	**-**	**48**	**48**
Financial liability					
Foreign currency forward contracts	**-**	**341**	**-**	**341**	**341**
2014					
Financial asset					
Foreign currency forward contracts	-	37	-	37	37
Financial liability					
Foreign currency forward contracts	-	72	-	72	72

Group and Company	Fair value of financial instruments not carried at fair value				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
2015					
Financial liability					
Loans and borrowings	**-**	**20,433**	**-**	**20,433**	**22,322**
2014					
Financial liability					
Loans and borrowings	-	20,764	-	20,764	22,656

(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	
	2015	2014
Finance lease liabilities	4.84% - 4.97%	4.90% - 5.98%
Term loans	4.43% - 4.78%	2.41% - 4.67%

Non-current provisions

The carrying amount of provision for long service leave and defined contribution plan are 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.

27. 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 2014.

The capital structure of the Group and of the Company consists of total borrowings as detailed in Note 22 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 19 and 20 to the financial statements.

During the financial year, the Group's and the Company's strategy which was unchanged from 2014 was to maintain the gearing ratio within manageable levels. The gearing ratios as of December 31, 2015 and December 31, 2014 were as follows:

	Group		Company	
	2015	2014	2015	2014
Total borrowings (RM'000)	43,921	59,521	43,921	59,521
Total equity (RM'000)	181,474	168,324	166,502	156,270
Gearing ratios	0.24	0.35	0.26	0.38

With respect to banking facilities that the Company has with financial institutions, the Group and/or the Company is/are subjected to the following covenants:

(a) to ensure that the gearing ratio of the Group and the Company does not exceed one time at all times;
(b) not to declare dividends which are more than 75% of the Company's current year profit after tax without the prior written consent of a financial institution which consent shall not be unreasonably withheld;
(c) intercompany advances to subsidiaries and associates are not to exceed 45% of the Company's net worth without the prior written consent of a financial institution; and
(d) the Group is required to maintain a minimum tangible net worth, also known as total equity of RM160,000,000 at all times.

28. OPERATING SEGMENTS

No segment information has been prepared for financial year ended December 31, 2015 as the Group is primarily engaged in manufacturing and marketing of flexible packaging materials.

Information regarding the Group's reportable segments during the financial year ended December 31, 2014 is presented below.

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

Segment Revenue and Results

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

2014	Packaging RM'000	Property Development RM'000	Eliminations RM'000	Group RM'000
Revenue	340,143	4,362	-	344,505
Results				
Segment results	32,159	240	-	32,399
Unallocated costs				(377)
Profit from operations				32,022
Finance costs	(1,942)	-	-	(1,942)
Share of results of an associate	-	968	-	968
Profit before tax				31,048
Income tax expense				(7,312)
Profit for the financial year				23,736

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.

2014	Packaging RM'000	Property Development RM'000	Eliminations RM'000	Group RM'000
Assets				
Segment assets	287,906	706	(17,447)	271,165
Investment in an associate	-	22,688	-	22,688
Unallocated assets				187
Consolidated total assets				294,040
Liabilities				
Segment liabilities	122,296	9,561	(17,447)	114,410
Unallocated liabilities				11,306
Consolidated total liabilities				125,716
Other Segment Information				
Capital additions	24,656	-	-	24,656
Depreciation of property, plant and equipment	11,117	-	-	11,117
Interest income	54	11	-	65

Geographical Information

The Group operates in three principal geographical areas - Malaysia (country of domicile), Australia and New Zealand.

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

	Group 2015 RM'000	Group 2014 RM'000
Revenue		
Malaysia	**292,619**	302,826
Australia	**49,205**	40,372
New Zealand	**3,129**	1,307
	344,953	344,505
Non-current assets*		
Malaysia	**133,544**	123,090
Australia	**123**	130
New Zealand	**2**	5
	133,669	123,225

* 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 RM146,201,000 (2014: RM139,994,000). 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.

29. COMMITMENTS

(a) Capital commitments

As of December 31, 2015, the Group and the Company have the following capital commitments in respect of the purchase of property, plant and equipment:

	Group and Company	
	2015	2014
	RM'000	RM'000
Authorised and contracted for	5,880	9,328
Authorised but not contracted for	1,923	-

(b) Lease commitments

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

	Group	
	2015	2014
	RM'000	RM'000
Future minimum lease payments payables:		
Not later than 1 year	43	78
Later than 1 year but not later than 2 years	-	39
	43	117

Operating lease commitment is in respect of premises. The lease is negotiated for a term of 3 years (2014: 3 years).

30. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

On November 23, 2015, the Company announced its intention to undertake the following proposals:

(a) proposed share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 held on an entitlement date to be determined later ("Proposed Share Split");

(b) proposed bonus issue of up to 45,540,998 new split shares to be credited as fully paid-up on the basis of one (1) bonus share for every five (5) split shares held on the same entitlement date as the Proposed Share Split ("Proposed Bonus Issue"); and

(c) proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the implementation of the Proposed Share Split ("Proposed Amendments") (collectively referred to as the "Proposals").

Bursa Securities' approval on the Proposed Share Split and listing and quotation of up to 45,540,998 new split shares pursuant to the Proposed Bonus Issue was received on December 15, 2015. The Company's shareholders had approved the Proposals at the Extraordinary General Meeting held on January 30, 2016. The Proposals have been completed following the listing of and quotation for the split shares and bonus shares on the Main Market of Bursa Securities on February 22, 2016.

31. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with current financial year presentation:

Group	As previously reported RM'000	Reclassification adjustments RM'000	As restated RM'000
Statements of profit or loss and other comprehensive income			
Cost of sales	(297,400)	916	(296,484)
Other income	4,585	(1,002)	3,583
Administrative expenses	(10,307)	86	(10,221)
Company			
Statements of profit or loss and other comprehensive income			
Cost of sales	(292,442)	916	(291,526)
Other income	4,517	(1,002)	3,515
Administrative expenses	(7,042)	86	(6,956)

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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total retained earnings:				
- Realised	79,771	68,654	61,457	52,376
- Unrealised	(11,773)	(10,668)	(11,821)	(10,704)
	67,998	57,986	49,636	41,672
Total share of retained earnings from an associate:				
- Realised	(368)	135	-	-
- Unrealised	(9)	(15)	-	-
	67,621	58,106	49,636	41,672
Less: Consolidation adjustments	(3,301)	(4,039)	-	-
Total retained earnings	64,320	54,067	49,636	41,672

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 53 to 105 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, 2015 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 106 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 WIRA WONG SOON LIM**

Melaka
March 28, 2016

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 53 to 105 and the supplementary information set out on page 106 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, 2016.

Before me,

SAIFUL BAHARI S ABDULLAH
COMMISSIONER FOR OATHS

SHAREHOLDINGS

Authorised Share Capital	: RM200,000,000
Issued and Paid-up Share Capital	: RM136,622,928 comprising 273,245,856 ordinary shares of RM0.50 each
Class of shares	: Ordinary shares of RM0.50 each fully paid
Voting rights	: One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
1 - 99	59	2.70	2,433	-
100 - 1,000	288	13.17	78,885	0.03
1,001 - 10,000	930	42.52	5,538,488	2.03
10,001 - 100,000	758	34.66	21,401,098	7.83
100,001 to less than 5% of issued shares	149	6.81	182,456,938	66.77
5% and above of issued shares	3	0.14	63,768,014	23.34
Total	2,187	100.00	273,245,856	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Direct interests No. of shares held	%	Deemed interests^ No. of shares held	%
Low Chan Tian	28,206,218	10.32	-	-
HSBC Nominees (Asing) Sdn Bhd - HSBC-FS I for Apollo Asia Fund Ltd	25,590,480	9.37	-	-
Lim Koy Peng	23,122,334	8.46	-	-
HSBC Nominees (Asing) Sdn Bhd - KBL Euro PB for Halley Sicav - Halley Asian Prosperity	15,055,200	5.51	-	-
Datuk Wira Wong Soon Lim	14,013,621	5.13	1,894,680	0.69

DIRECTORS' SHAREHOLDINGS

Name	Direct interests No. of shares held	%	Deemed interests^ No. of shares held	%
Low Chan Tian	28,206,218	10.32	-	-
Datuk Wira Wong Soon Lim	14,013,621	5.13	1,894,680	0.69
Low Geoff Jin Wei	11,405,808	4.17	-	-
Lim Soo Koon	432,000	0.16	-	-
P. James Edwin A/L Louis Pushparatnam	22,608	0.01	-	-
Caroline Ang Choo Bee	14,400	0.01	64,800	0.02
Heng Fu Joe	-	-	-	-

^ *Deemed interests 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	HSBC Nominees (Asing) Sdn Bhd - TNTC for Apollo Asia Fund Ltd.	25,590,480	9.37
2	Lim Koy Peng	23,122,334	8.46
3	HSBC Nominees (Asing) Sdn Bhd - KBL Euro PB for Halley Sicav - Halley Asian Prosperity	15,055,200	5.51
4	Low Geoff Jin Wei	11,405,808	4.17
5	Low Chan Tian	11,383,850	4.17
6	Amanahraya Trustees Berhad - Public Islamic Opportunities Fund	11,248,440	4.12
7	CIMB Group Nominees (Tempatan) Sdn Bhd - Yulina Binti Baharuddin (50175 PZDM)	11,059,200	4.05
8	Low Chan Tian	10,448,352	3.82
9	Teh Kim Hong	9,729,984	3.56
10	Chew Soon Heng	8,444,692	3.09
11	DB (Malaysia) Nominee (Tempatan) Sdn Bhd - Exempt AN for Bank of Singapore Limited	7,200,000	2.63
12	RHB Nominees (Tempatan) Sdn Bhd - Low Chan Tian	6,374,016	2.33
13	Amanahraya Trustees Berhad - Public Islamic Select Treasures Fund	6,331,800	2.32
14	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Morgan Stanley & Co. International PLC (IPB Client Acct.)	6,293,040	2.30
15	Datuk Wira Wong Soon Lim	5,344,821	1.96
16	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for The Bank of New York Mellon (Mellon Acct)	5,165,280	1.89
17	Public Invest Nominees (Tempatan) Sdn Bhd - Wong Yoke Fong @ Wong Nyok Fing (M)	4,146,480	1.52
18	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Mak Tian Meng (MY0343)	3,335,040	1.22
19	Tan Booi Charn	2,520,000	0.92
20	Lim Keat Sear	2,514,240	0.92
21	Yong Noni	2,433,984	0.89
22	Low Chung Kuay	2,242,020	0.82
23	Goh Thong Beng	2,034,000	0.74
24	Citigroup Nominees (Tempatan) Sdn Bhd - Cheong Siew Chyuan (470322)	1,800,000	0.66
25	Kenanga Nominees (Tempatan) Sdn Bhd - Mak Tian Meng	1,579,680	0.58
26	Chew Gee Lan	1,559,757	0.57
27	Mary Anne Low Chai Yik	1,511,760	0.55
28	CIMB Group Nominees (Tempatan) Sdn Bhd - Datuk Wira Wong Soon Lim (Daibochi)	1,468,800	0.54
29	Citigroup Nominees (Asing) Sdn Bhd - Citibank New York (Norges Bank 14)	1,440,000	0.53
30	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (RHB Inv)	1,440,000	0.53
	Total	204,223,058	74.74

Location	Description	Age of buildings	Area	Tenure	Date of acquisition	Net carrying amount as of December 31, 2015 RM'000
Lot 7, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Land & factory buildings	2 buildings - 23 years 3 buildings - 22 years 1 building - 21 years 1 building - 20 years	2.692 hectares	Leasehold expiring on 24.05.2091	29.10.1991	13,287
Lot 3, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Land & factory buildings	1 building - 23 years 2 buildings - 20 years 1 building - 16 years 1 building - 15 years 1 building - 11 years	2.062 hectares	Leasehold expiring on 24.05.2091	03.07.1995	12,348
Lot 3531 - 3533, Jalan Bemban, Kawasan Perindustrian Jasin, 77000 Jasin, Melaka	Land & factory building	1 building - 2 years	2.120 hectares	Freehold	08.02.2013	11,489
PT 2598, Mukim of Bukit Baru, 75450 Melaka	Land & warehouse cum office building	1 building - 22 years 1 building - 5 years	0.834 hectares	Leasehold expiring on 11.05.2094	24.05.2004	4,871

Form Of Proxy

No. 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 Third Annual General Meeting ("AGM") of the Company to be held at Bunga Melati, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Thursday, May 26, 2016 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, 2015 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. P. James Edwin A/L Louis Pushparatnam	Resolution 2		
4. Re-election of Director under Article 103 - Datuk Wira Wong Soon Lim	Resolution 3		
5. To re-appoint retiring Auditors, Messrs SJ 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 43rd 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 19, 2016. Only a depositor whose name appears on the Record of Depositors as at May 19, 2016 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.

Fold this flap for sealing

Then fold here

AFFIX STAMP

DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD.
Kompleks Daibochi Plastic
Lot 3 & 7 Air Keroh Industrial Estate, Phase IV,
75450 Melaka.

1st fold here

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