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, 2016.

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 attributable to owners of the Company	24,518	24,741

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 1.30 sen per ordinary share amounting to RM3,552,195 in respect of the financial year ended December 31, 2015 on April 8, 2016;

(b) a first interim single tier dividend of 1.45 sen per ordinary share amounting to RM3,951,081 in respect of the financial year ended December 31, 2016 on June 10, 2016;

(c) a second interim single tier dividend of 1.33 sen per ordinary share amounting to RM3,615,548 in respect of the financial year ended December 31, 2016 on September 22, 2016; and

(d) a third interim single tier dividend of 1.32 sen per ordinary share amounting to RM3,592,468 in respect of the financial year ended December 31, 2016 on December 22, 2016.

On February 24, 2017, the directors declared a fourth interim single tier dividend of 1.32 sen per ordinary share, in respect of the financial year ended December 31, 2016 which will be paid on April 10, 2017. The said dividend has not been included as a liability in the financial statements as of December 31, 2016.

The directors do not recommend the payment of any final dividend in respect of the financial year ended December 31, 2016.

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

During the financial year, the Company:

(a) sub-divided its existing ordinary shares of RM1.00 each into two (2) ordinary shares of RM0.50 each ("Split Share");

(b) amended its authorised share capital of RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each to 400,000,000 ordinary shares of RM0.50 each to facilitate the implementation of the Split Share; and

(c) issued bonus shares of 45,540,864 on the basis of one (1) bonus share for every five (5) split shares of RM0.50 each by way of capitalising RM22,770,432 from the retained earnings account.

The newly issued shares rank pari passu in all respects with the existing issued ordinary shares of the Company.

There were no issue of debentures during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 1,602,900 of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of the shares was RM3,370,843 including transaction costs and has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares was RM2.10. The Company had also disposed of 488,200 treasury shares valued at RM2.19 for a total net consideration of RM1,070,296 in the open market, resulting in a surplus of RM53,633 which has been credited to the share premium account as disclosed in Note 20 to the financial statements.

As of December 31, 2016, the Company held 1,114,700 treasury shares out of its 273,245,856 issued ordinary shares. The treasury shares are held in accordance with Section 67A of the Companies Act 1965 at a carrying amount of RM2,354,180 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 there were no bad debts to be written off and no provision for doubtful debts was required; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Group and of the Company; or

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

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

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or

(b) any contingent 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, Low Chan Tian and Heng Fu Joe 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 RM1.00 each	Of RM0.50 each			
Interests in the Company	Balance as of 1.1.2016	Split share	Bonus issue	Bought/ (Sold)	Balance as of 31.12.2016
Direct interests					
Low Chan Tian	11,752,591	11,752,591	4,701,036	-	28,206,218
Datuk Wira Wong Soon Lim	5,839,009	5,839,009	2,335,603	20,000	14,033,621
Low Geoff Jin Wei	4,752,420	4,752,420	1,900,968	-	11,405,808
Lim Soo Koon	180,000	180,000	72,000	-	432,000
P. James Edwin A/L Louis Pushparatnam	9,420	9,420	3,768	-	22,608
Caroline Ang Choo Bee	6,000	6,000	2,400	-	14,400
Heng Fu Joe	-	-	-	-	-
Deemed interests *					
Datuk Wira Wong Soon Lim	789,450	789,450	315,780	-	1,894,680
Caroline Ang Choo Bee	27,000	27,000	10,800	-	64,800

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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 THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 29 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
April 3, 2017

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Daibochi Plastic And Packaging Industry Berhad, which comprise the statements of financial position as of December 31, 2016 of the Group and of the Company, 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 111.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of December 31, 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Impairment loss on trade receivables	
The Group has material amounts of trade receivables. The key associate risk was recoverability of billed trade receivables as management judgement is required of impairment losses in assessing its adequacy through considering the expected recoverability of the outstanding trade receivables.	We have challenged management's assumptions in impairment losses of trade receivables. This includes reviewing the ageing of receivables and testing the integrity of ageing. We also checked the recoverability of outstanding receivables through examination of subsequent cash receipts and tested the operating effectiveness of the relevant control procedures that management has put in place. As a result, we are satisfied that impairment losses for receivables have been made in line with the Company's policy.

Key audit matters	How our audit addressed the key audit matters
Inventory valuation Judgement is required to assess the appropriate level of impairment for items which may be ultimately sold below cost. The Company is primarily involved in manufacturing and marketing of flexible packaging materials and is subject to changing consumer demands and technology changes, increasing the level of judgement involved in estimating impairment.	For finished goods, work-in-progress and raw materials, we tested the methodology for estimating the impairment, challenged the appropriateness and consistency of judgements and assumptions, and considered the nature and suitability of historic data used in estimating the impairments. The methodology was consistent with previous year and no material variances were noted on the computation. In doing so we understood the ageing profile of inventory, the process for identifying specific problem inventory and historic loss rates. We attended physical inventory counts in all warehouses and factories within the scope of our audit. We performed our own sample counts and checking that the accounting records reflected these physical counts. We found no material variances on our samples.
Revenue recognition International Standards on Auditing (ISA) 315 presumed that we consider the risk of fraud arising in revenue recognition. Whilst revenue recognition and measurement is not complex for the Group, revenue targets form part of the Group's key performance measures which could create an incentive to record revenue incorrectly. We focused on this area given the magnitude of revenue transactions that occur.	We evaluated and tested the internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements. We also tested journal entries posted to revenue accounts to identify unusual or irregular items. We understood and challenged the appropriateness of revenue recognition policies. We found the recognition of revenue is appropriate.

Information other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprise the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards, International 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 of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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' reports of all the subsidiaries of which we have not acted as auditors, which are 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 112 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 content of this report.

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

NG CHEE HOONG
(NO: 2278/10/18(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
April 3, 2017

Statements Of Profit or Loss And Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	5	**371,158**	344,953	**368,692**	340,013
Cost of sales		**(321,997)**	(293,067)	**(323,158)**	(292,444)
Gross profit		**49,161**	51,886	**45,534**	47,569
Other income		**4,641**	4,366	**4,607**	4,770
Selling and distribution costs		**(10,973)**	(9,464)	**(9,966)**	(8,749)
Administrative expenses		**(10,216)**	(10,227)	**(7,404)**	(8,131)
Finance costs	6	**(2,753)**	(2,371)	**(2,541)**	(2,293)
Share of profit of equity-accounted associate	12	**90**	1,538	**-**	-
Profit before tax	7	**29,950**	35,728	**30,230**	33,166
Income tax expense	8	**(5,432)**	(9,007)	**(5,489)**	(8,734)
Profit for the financial year attributable to owners of the Company		**24,518**	26,721	**24,741**	24,432
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		**307**	629	**-**	-
Total comprehensive income for the financial year		**24,825**	27,350	**24,741**	24,432
Earnings per ordinary share attributable to owners of the Company - basic (sen)	9	**9.00**	9.80		

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

AS OF DECEMBER 31, 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	141,218	133,669	141,122	133,544
Investments in subsidiaries	11	-	-	6,699	6,699
Investment in an associate	12	20,245	22,191	-	-
Deferred tax assets	13	119	114	-	-
		161,582	155,974	147,821	140,243
Current assets					
Inventories	14	72,554	65,116	63,452	59,624
Trade and other receivables	15	57,783	54,848	51,060	50,764
Tax recoverables		627	154	524	-
Amounts receivable from subsidiaries	16	-	-	16,318	14,344
Derivative financial assets	17	21	48	21	48
Cash and cash equivalents	18	15,829	18,988	13,040	14,086
		146,814	139,154	144,415	138,866
Total Assets		308,396	295,128	292,236	279,109

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company:					
Share capital	19	136,623	113,853	136,623	113,853
Treasury shares	19	(2,354)	-	(2,354)	-
Reserves	20	54,902	67,621	39,846	52,649
Total Equity		189,171	181,474	174,115	166,502
LIABILITIES					
Non-current liabilities					
Trade and other payables	21	508	364	508	364
Loans and borrowings	22	13,417	11,961	13,417	11,961
Deferred tax liabilities	13	12,860	11,441	13,405	11,739
		26,785	23,766	27,330	24,064
Current liabilities					
Trade and other payables	21	51,297	54,529	49,648	53,185
Loans and borrowings	22	40,573	31,960	40,573	31,960
Derivative financial liabilities	17	570	341	570	341
Tax payables		-	3,058	-	3,057
		92,440	89,888	90,791	88,543
Total Liabilities		119,225	113,654	118,821	112,607
Total Equity and Liabilities		308,396	295,128	292,236	279,109

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

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

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, 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 / January 1, 2016		113,853	-	3,013	288	64,320	181,474
Profit for the financial year		-	-	-	-	**24,518**	**24,518**
Other comprehensive income for the financial year, net of income tax		-	-	-	**307**	-	**307**
Total comprehensive income for the financial year		-	-	-	**307**	**24,518**	**24,825**
Transactions with owners:							
Dividends paid to owners of the Company	23	-	-	-	-	**(14,711)**	**(14,711)**
Bonus shares	19	**22,770**	-	-	-	**(22,770)**	-
Share issue expenses		-	-	**(117)**	-	-	**(117)**
Share buy-back	19	-	**(3,371)**	-	-	-	**(3,371)**
Disposal of treasury shares	19, 20	-	**1,017**	**54**	-	-	**1,071**
Total transactions with owners		**22,770**	**(2,354)**	**(63)**	-	**(37,481)**	**(17,128)**
Balance as of December 31, 2016		**136,623**	**(2,354)**	**2,950**	**595**	**51,357**	**189,171**

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, 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 / January 1, 2016		113,853	-	3,013	49,636	166,502
Total comprehensive income for the financial year		-	-	-	24,741	24,741
Transactions with owners:						
Payment of dividends	23	-	-	-	(14,711)	(14,711)
Bonus share	19	22,770	-	-	(22,770)	-
Share issue expenses		-	-	(117)	-	(117)
Share buy-back	19	-	(3,371)	-	-	(3,371)
Disposal of treasury shares	19, 20	-	1,017	54	-	1,071
Total transactions with owners		22,770	(2,354)	(63)	(37,481)	(17,128)
Balance as of December 31, 2016		136,623	(2,354)	2,950	36,896	174,115

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

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers and other receivables		379,050	388,444	370,362	377,531
Cash paid to suppliers, employees and other payables		(347,245)	(319,199)	(336,600)	(310,178)
Cash generated from operations		31,805	69,245	33,762	67,353
Interest received		46	46	45	41
Interest paid		(1,846)	(1,412)	(1,634)	(1,334)
Tax paid		(7,548)	(5,892)	(7,403)	(5,587)
Net Cash From Operating Activities		22,457	61,987	24,770	60,473
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		63	71	63	71
Dividend income from an associate		2,036	2,036	-	-
Purchase of property, plant and equipment(*)	10	(19,536)	(12,768)	(19,536)	(12,756)
Proceeds from disposal of property, plant and equipment		292	250	292	250
Net Cash Used In Investing Activities		(17,145)	(10,411)	(19,181)	(12,435)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Share buy-back	19	(3,371)	(3,000)	(3,371)	(3,000)
Proceeds from disposal of treasury shares		1,071	5,268	1,071	5,268
Share issuance expenses		(117)	-	(117)	-
Drawdown of term loans		8,458	-	8,458	-
Repayment of term loans		(8,273)	(9,278)	(8,273)	(9,278)
Dividends paid to owners of the Company	23	(14,711)	(16,468)	(14,711)	(16,468)
Interest paid		(907)	(959)	(907)	(959)
Proceeds from/(repayment of) short-term borrowings (net)		11,833	(14,094)	11,833	(14,094)
Repayment from a subsidiary		-	-	2,050	2,200
Advances to a subsidiary		-	-	(41)	(2)
Repayment of finance leases		(2,627)	(817)	(2,627)	(817)
Net Cash Used In Financing Activities		(8,644)	(39,348)	(6,635)	(37,150)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,332)	12,228	(1,046)	10,888
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		18,988	6,514	14,086	3,198
Effect of exchange differences		173	246	-	-
		19,161	6,760	14,086	3,198
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	18	15,829	18,988	13,040	14,086

(*) During the financial year, the Group's and the Company's addition to property, plant and equipment amounted to RM20,214,000 (2015: RM22,529,000 and RM22,517,000 respectively) of which RM678,000 (2015: RM9,761,000) was financed through finance-lease arrangements. The balance of RM19,536,000 for the Group and the Company (2015: RM12,768,000 and RM12,756,000 respectively) was paid in cash.

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

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally involved in manufacturing and marketing of flexible packaging materials. The principal activities of its 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 April 3, 2017 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, 2016:

Amendments to FRSs

Amendments to FRS 7	Financial Instruments: Disclosures (Annual Improvements to FRSs 2012-2014 Cycle)
Amendments to FRS 10, FRS 12 & FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 & FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendment to FRS 119	Employee Benefits (Annual Improvements to FRSs 2012-2014 Cycle)
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendment to FRS 134	Interim Financial Reporting (Annual Improvements to FRSs 2012-2014 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, 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) FRS, IC Interpretation and Amendments to FRSs

At the date of authorisation of these financial statements, certain new standard, IC Interpretation 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
Amendments to FRS 12	Disclosure of Interests in Other Entities (Annual Improvements to FRS Standards 2014-2016 Cycle)	January 1, 2017
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017
Amendments to FRS 107	Disclosure Initiative	January 1, 2017
FRS 9 (IFRS 9(2014))	Financial Instruments (IFRS 9 as issued by IASB in July 2014)	January 1, 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)	January 1, 2018
Amendments to FRS 2	Classification and Measurement of Shared-based Payment Transactions	January 1, 2018
Amendments to FRS 4	Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts	January 1, 2018
Amendments to FRS 128	Investments In Associates and Joint Ventures Cycle (Annual Improvements to FRS Standards 2014-2016 Cycle)	January 1, 2018
Amendments to FRS 140	Transfers of Investment Property	January 1, 2018
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 standard, IC Interpretation 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.

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 statements 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, 2016.

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 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 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.

(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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Manufacturing and marketing of flexible packaging materials	371,158	344,953	368,692	340,013

6. FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense on:				
Term loans	517	780	517	780
Bank overdrafts	3	82	3	82
Bankers' acceptances	910	982	910	982
Vendor financing	933	348	721	270
Finance lease	390	179	390	179
	2,753	2,371	2,541	2,293

7. PROFIT BEFORE TAX

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Audit fee				
- Current	162	154	110	104
- Under provision in prior year	-	1	-	-
Bad debt written off	-	2	-	-
Depreciation of property, plant and equipment	12,657	12,015	12,624	11,982
Debt waiver by a subsidiary	-	-	-	(421)
Employee benefits expenses:				
- Salaries and other emoluments	37,077	35,670	35,820	34,477
- Defined contribution plans	2,934	3,143	2,827	3,036
Fair value adjustment for defined contribution plan	(53)	(192)	(53)	(192)
Foreign exchange (gain)/loss:				
- Realised	(2,234)	(2,020)	(2,242)	(2,034)
- Unrealised	683	341	674	352
Interest income	(109)	(117)	(109)	(112)
Investment in subsidiaries written off	-	-	-	500
Property, plant and equipment:				
- Gain on disposal	(292)	(228)	(292)	(228)
- Write-offs	12	58	12	58
Rental of premises	1,241	1,010	709	592
Rental of equipment	496	429	496	429

Directors' remuneration

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

	Group and Company	
	2016 RM'000	2015 RM'000
Directors' remuneration:		
- Executive		
Salaries and other emoluments	1,779	2,606
Defined contribution plans	305	426
- Non executive		
Fees	88	126
Other emoluments	178	177
	2,350	3,335

The estimated monetary value of benefits-in-kind received by the directors of the Company during the financial year amounted to RM30,000 (2015: RM42,000).

8. INCOME TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
- Malaysian tax	3,761	7,778	3,762	7,777
- Foreign tax	179	223	-	-
Under provision in prior year	73	204	61	194
	4,013	8,205	3,823	7,971
Deferred tax (Note 13):				
Current year	1,414	812	1,661	773
Under/(Over) provision in prior year	5	(10)	5	(10)
	1,419	802	1,666	763
	5,432	9,007	5,489	8,734

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax	29,950	35,728	30,230	33,166
Tax at the statutory income tax rate of 24% (2015: 25%)	7,188	8,932	7,255	8,292
Effect of different tax rate of subsidiaries operating in other jurisdictions	38	33	-	-
Effect of change in tax rate	-	(32)	-	(32)
Effects of tax incentives and income not subject to tax:				
- utilisation of exemption on value of export from new market	-	(134)	-	(134)
- utilisation of reinvestment allowance	(2,061)	-	(2,061)	-
- double deduction	(24)	(20)	(24)	(20)
- others	(22)	(10)	-	-
Effects of expenses not deductible in determining taxable profit	256	429	253	446
Share of profit of equity-accounted associate's tax	(21)	(385)	-	-
Under/(Over) provision of deferred tax in prior year	5	(10)	5	(10)
Under provision of income tax expense in prior year	73	204	61	192
Income tax expense for the financial year	5,432	9,007	5,489	8,734

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profits for the financial year.

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

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	
	2016	**2015**
Profit for the financial year attributable to owners of the Company (RM'000)	**24,518**	26,721
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	**(728)**	(635)
Weighted average number of ordinary shares as of December 31	**272,518**	272,611
Basic earnings per ordinary share (sen)	**9.00**	9.80

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, 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 / January 1, 2016	9,887	41,477	183,102	4,394	8,827	8,212	255,899
Additions	**-**	**4,331**	**13,847**	**1,179**	**857**	**-**	**20,214**
Disposals	**-**	**-**	**(90)**	**(998)**	**-**	**-**	**(1,088)**
Write-offs	**-**	**(8)**	**-**	**-**	**(92)**	**-**	**(100)**
Reclassification	**-**	**-**	**8,212**	**-**	**-**	**(8,212)**	**-**
Currency translation difference	**-**	**-**	**-**	**7**	**4**	**-**	**11**
Balance as of December 31, 2016	**9,887**	**45,800**	**205,071**	**4,582**	**9,596**	**-**	**274,936**
Accumulated Depreciation							
Balance as of 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 / January 1, 2016	1,374	7,995	103,282	3,548	6,031	-	122,230
Charge	**74**	**837**	**10,691**	**383**	**672**	**-**	**12,657**
Disposals	**-**	**-**	**(90)**	**(998)**	**-**	**-**	**(1,088)**
Write-offs	**-**	**(1)**	**-**	**-**	**(87)**	**-**	**(88)**
Currency translation difference	**-**	**-**	**-**	**4**	**3**	**-**	**7**
Balance as of December 31, 2016	**1,448**	**8,831**	**113,883**	**2,937**	**6,619**	**-**	**133,718**
Net Carrying Amount							
As of December 31, 2015	8,513	33,482	79,820	846	2,796	8,212	133,669
As of December 31, 2016	**8,439**	**36,969**	**91,188**	**1,645**	**2,977**	**-**	**141,218**

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, 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 / January 1, 2016	9,887	41,477	183,079	4,217	8,735	8,212	255,607
Additions	-	4,331	13,847	1,179	857	-	20,214
Disposals	-	-	(90)	(998)	-	-	(1,088)
Write-offs	-	(8)	-	-	(92)	-	(100)
Reclassification	-	-	8,212	-	-	(8,212)	-
Balance as of December 31, 2016	9,887	45,800	205,048	4,398	9,500	-	274,633
Accumulated Depreciation							
Balance as of 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 / January 1, 2016	1,374	7,995	103,257	3,462	5,975	-	122,063
Charge	74	837	10,691	361	661	-	12,624
Disposals	-	-	(90)	(998)	-	-	(1,088)
Write-offs	-	(1)	-	-	(87)	-	(88)
Balance as of December 31, 2016	1,448	8,831	113,858	2,825	6,549	-	133,511
Net Carrying Amount							
As of December 31, 2015	8,513	33,482	79,822	755	2,760	8,212	133,544
As of December 31, 2016	8,439	36,969	91,190	1,573	2,951	-	141,122

Included in the total net carrying amount of land are:

	Group and Company	
	2016	2015
	RM'000	RM'000
Freehold land	2,851	2,851
Leasehold land with unexpired lease period of more than 50 years	5,588	5,662
	8,439	8,513

The carrying amounts of assets under finance lease arrangements are:

	Group and Company	
	2016	2015
	RM'000	RM'000
Capital work-in-progress	-	7,372
Plant and machinery	9,989	3,338
Motor vehicles	946	316
	10,935	11,026

11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
	RM'000	RM'000
Unquoted shares - at cost	6,699	6,699

Details of the direct subsidiaries are as follows:

Name of companies	Country of incorporation	Effective percentage ownership 2016	Effective percentage ownership 2015	Principal activities
Daibochi Land Sdn. Bhd.	Malaysia	100%	100%	Investment holding
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 Flexibles Sdn. Bhd. has not commenced operations and is currently dormant.

On November 14, 2016, Daibochi Flexibles Sdn. Bhd. signed a Memorandum of Agreement with Myanmar Smart Pack Industrial Company Limited to establish a joint venture company, to be named Daibochi Packaging (Myanmar) Co., Ltd in Myanmar ("JVC") as disclosed in Note 29 to the financial statements. The establishment of the JVC is pending approval from the Myanmar Investment Commission.

* Audited by a member firm of Grant Thornton International Ltd.

^ Special audit performed by Messrs. SJ Grant Thornton for consolidation purposes.

12. INVESTMENT IN AN ASSOCIATE

	Group	
	2016 RM'000	**2015 RM'000**
Unquoted shares - at cost	**22,568**	22,568
Share of post-acquisition reserve	**3,785**	3,695
Dividend received	**(6,108)**	(4,072)
	20,245	22,191

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

	Group	
	2016 RM'000	**2015 RM'000**
Share of net tangible assets - at fair value	**19,976**	21,922
Goodwill	**269**	269
	20,245	22,191

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

	Effective percentage ownership		
Name of company	**2016**	**2015**	**Principal activity**
Skyline Resources (M) Sdn. Bhd.*	**36.32%**	36.32%	Property development, contract construction works and property investments

* Not audited by Messrs. SJ Grant Thornton.

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

	2016 RM'000	2015 RM'000
Assets and liabilities		
Current assets	96,162	103,036
Non-current assets	15,134	15,408
Total Assets	111,296	118,444
Current liabilities	61,543	64,224
Non-current liabilities	87	102
Total Liabilities	61,630	64,326
Results		
Revenue	17,908	55,326
Profit for the financial year/Total comprehensive income for the financial year	1,154	6,285

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

	2016 RM'000	2015 RM'000
Group's share of profit/Total comprehensive income	90	1,538

The Group's share of profit of the equity-accounted associate amounting to RM90,000 (2015: RM1,538,000) is after taking into consideration the amount of RM330,000 (2015: RM744,000) being the realisation of the revaluation surplus arising from the revaluation of the associate's development land prior to the acquisition of the associate.

	2016 RM'000	2015 RM'000
Other information		
Dividend received by the Group	2,036	2,036

13. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax assets	119	114	-	-
Deferred tax liabilities	(12,860)	(11,441)	(13,405)	(11,739)
	(12,741)	(11,327)	(13,405)	(11,739)
As of January 1	(11,327)	(10,534)	(11,739)	(10,976)
Currency translation difference	5	9	-	-
Recognised in profit or loss (Note 8)	(1,419)	(802)	(1,666)	(763)
As of December 31	(12,741)	(11,327)	(13,405)	(11,739)

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax assets				
Provisions	110	110	-	-
Others	9	4	-	-
	119	114	-	-
Deferred tax liabilities				
Property, plant and equipment	14,449	12,554	14,448	12,554
Others	(1,589)	(1,113)	(1,043)	(815)
	12,860	11,441	13,405	11,739

14. INVENTORIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Raw materials	28,050	25,137	28,050	25,137
Work-in-progress	16,349	21,938	16,349	21,938
Finished goods	26,773	16,665	17,671	11,173
Consumables	1,382	1,376	1,382	1,376
	72,554	65,116	63,452	59,624
Recognised as cost of sales:				
Inventories	241,522	218,590	242,683	218,077
Inventories write-down	2,135	2,241	1,947	2,092
Reversal of inventories write-down	(1,047)	(1,280)	(859)	(1,241)

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Trade receivables	52,536	48,607	45,984	44,617
Other receivables	4,143	2,224	4,086	2,222
Prepayments	832	3,732	749	3,692
Deposits	272	285	241	233
	57,783	54,848	51,060	50,764

As of December 31, 2016, RM7,723,000 (2015: RM10,913,000) is due from a customer which represents more than 10% of the Group's and of the Company's 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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	45,176	42,220	38,638	38,491
Past due but not impaired:				
1 month	5,684	5,622	5,664	5,411
2 months	764	583	791	584
3 months	677	126	677	100
More than 3 months	235	56	214	31
	7,360	6,387	7,346	6,126
Total trade receivables	52,536	48,607	45,984	44,617

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.

16. AMOUNTS RECEIVABLE FROM SUBSIDIARIES

	Company 2016 RM'000	Company 2015 RM'000
Amounts receivable from subsidiaries:		
Trade related	11,381	7,398
Non-trade related	4,937	6,946
	16,318	14,344

Amounts receivable from subsidiaries are unsecured, interest free and repayable on demand, except for the trade transactions which are repayable within the normal trade terms of 90 days (2015: 90 days).

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

	Company 2016 RM'000	Company 2015 RM'000
Neither past due nor impaired	11,138	6,913
Past due but not impaired:		
1 month	243	132
2 months	-	251
3 months	-	102
	243	485
	11,381	7,398

17. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

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

	Group and Company					
	2016			2015		
	Contract Value RM'000	Assets RM'000	Liabilities RM'000	Contract Value RM'000	Assets RM'000	Liabilities RM'000
Foreign currency forward contracts:						
Buy contracts	2,842	21	-	1,284	48	-
Sell contracts	15,942	-	(570)	35,566	-	(341)
		21	(570)		48	(341)

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Short-term deposits with a licensed bank	-	2,700	-	2,700
Cash and bank balances	15,829	16,288	13,040	11,386
	15,829	18,988	13,040	14,086

During the financial year, short-term deposits of the Company with a licensed bank earn interest at rates ranging from 2.45% to 2.70% (2015: 2.40% to 2.75%) per annum and have maturity periods ranging from 1 to 7 days (2015: 1 to 14 days).

19. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	Number of ordinary shares		Amount	
	2016	2015	2016	2015
	'000	'000	RM'000	RM'000
Share capital				
Authorised:				
As of January 1				
Ordinary shares of RM1.00 each	200,000	200,000	200,000	200,000
Split shares of RM0.50 each	200,000	-	-	-
As of December 31				
Ordinary shares of RM0.50/RM1.00 each	400,000	200,000	200,000	200,000
Issued and fully paid:				
As of January 1				
Ordinary shares of RM1.00 each	113,853	113,853	113,853	113,853
Split shares of RM0.50 each	113,852	-	-	-
Bonus shares of RM0.50 each	45,541	-	22,770	-
As of December 31				
Ordinary shares of RM0.50/RM1.00 each	273,246	113,853	136,623	113,853
Treasury shares				
As of January 1			-	(2,196)
Share buy-back			(3,371)	(3,000)
Disposal of treasury shares			1,017	5,196
As of December 31			(2,354)	-

On February 22, 2016, the Company subdivided its issued and paid up share capital of 113,852,496 ordinary shares of RM1.00 each into 227,704,992 ordinary shares of RM0.50 each and issued bonus shares of up to 45,540,864 on the basis of one (1) bonus share for every five (5) split shares.

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

During the financial year, the Company repurchased 1,602,900 (2015: 693,000) of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of the shares was RM3,370,843 (2015: 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 RM2.10 (2015: RM4.33). The Company had also disposed of 488,200 (2015: 1,201,300) treasury shares valued at RM2.19 (2015: RM4.39) for a total net consideration of RM1,070,296 (2015: RM5,268,082) in the open market, resulting in a surplus of RM53,633 (2015: RM72,292) which has been credited to the share premium account.

As of December 31, 2016, the Company held 1,114,700 (2015: Nil) treasury shares out of its 273,245,856 (2015: 113,852,496) issued ordinary shares. The treasury shares are held in accordance with Section 67A of the Companies Act 1965 at a carrying amount of RM2,354,180 (2015: RMNil).

20. RESERVES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-distributable reserves:				
Share premium	**2,950**	3,013	**2,950**	3,013
Translation reserve	**595**	288	**-**	-
Distributable reserve:				
Retained earnings	**51,357**	64,320	**36,896**	49,636
	54,902	67,621	**39,846**	52,649

	Group and Company	
	2016	**2015**
Share premium	**RM'000**	**RM'000**
As of January 1	**3,013**	2,941
Disposal of treasury shares	**54**	72
Shares issue expenses	**(117)**	-
As of December 31	**2,950**	3,013

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.

	Group	
	2016	**2015**
Translation reserve	**RM'000**	**RM'000**
As of January 1	**288**	(341)
Exchange differences arising on translation of foreign operations	**307**	629
As of December 31	**595**	288

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, 2016 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current:				
Provisions	508	364	508	364
Current:				
Trade payables	40,286	41,262	39,676	40,885
Other payables	2,483	3,405	1,917	2,890
Accrued expenses	8,286	9,667	8,052	9,407
Provisions	239	192	-	-
Deposits payable	3	3	3	3
	51,297	54,529	49,648	53,185

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
As of January 1	556	168	364	-
Provisions made during the financial year	181	379	144	364
Utilised during the financial year	-	(8)	-	-
Currency translation difference	10	17	-	-
As of December 31	747	556	508	364

22. LOANS AND BORROWINGS

Group and Company	Non-current RM'000	Current RM'000	Total RM'000
2016			
Secured finance lease liabilities	**4,379**	**2,834**	**7,213**
Unsecured term loans	**9,038**	**4,307**	**13,345**
Unsecured bankers' acceptances	**-**	**33,432**	**33,432**
	13,417	**40,573**	**53,990**
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

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 minimum lease payments RM'000
2016			
Later than one year but not later than five years	**4,583**	**204**	**4,379**
2015			
Later than one year but not later than five years	6,954	395	6,559

23. DIVIDENDS

	Group and Company	
	2016 RM'000	2015 RM'000
Fourth interim single tier dividend for 2015 of 1.30 sen per ordinary share, paid on April 8, 2016 (2015: 1.46 sen single tier dividend per ordinary share for 2014, paid on March 27, 2015)	3,552	3,978
First interim single tier dividend for 2016 of 1.45 sen per ordinary share, paid on June 10, 2016 (2015: 1.46 sen single tier dividend per ordinary share, paid on June 19, 2015)	3,951	3,970
Second interim single tier dividend for 2016 of 1.33 sen per ordinary share, paid on September 22, 2016 (2015: 1.66 sen single tier dividend per ordinary share, paid on September 29, 2015)	3,616	4,537
Third interim single tier dividend for 2016 of 1.32 sen per ordinary share, paid on December 22, 2016 (2015: 1.46 sen single tier dividend per ordinary share, paid on December 28, 2015)	3,592	3,983
	14,711	16,468

The comparative figures for dividend paid per share 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 one (1) bonus share for every five (5) split shares, which were completed on February 22, 2016.

On February 24, 2017, the directors declared a fourth interim single tier dividend of 1.32 sen per ordinary share, in respect of the financial year ended December 31, 2016 which will be paid on April 10, 2017. The financial statements do not reflect this dividend declared after December 31, 2016, which will be accounted for as an appropriation of retained earnings in the financial year ending December 31, 2017.

The directors do not recommend the payment of any final dividend in respect of the financial year ended December 31, 2016.

24. 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	
	2016 RM'000	2015 RM'000
Subsidiaries		
Daibochi Australia Pty. Ltd.		
- Sale of goods	58,643	44,465
Daibochi New Zealand Limited		
- Sale of goods	3,325	2,929
Daibochi Land Sdn. Bhd.		
- Repayment of advances	2,050	2,200

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	
	2016 RM'000	2015 RM'000
Short-term employee benefits	1,358	1,897
Defined contribution plans	429	872
	1,787	2,769

25. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial assets				
Derivative financial assets	21	48	21	48
Loans and receivables:				
Trade and other receivables	56,679	50,831	50,070	46,839
Deposits	272	285	241	233
Amounts receivable from subsidiaries	-	-	16,318	14,344
Cash and cash equivalents	15,829	18,988	13,040	14,086
Financial liabilities				
Derivative financial liabilities	570	341	570	341
Other financial liabilities measured at amortised cost:				
Trade and other payables	51,805	54,893	50,156	53,549
Loans and borrowings	53,990	43,921	53,990	43,921

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 25(a)(i) and 25(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.

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency risk, based on carrying amounts as of the end reporting period was:

	Denominated in					
Group 2016	**United States Dollar RM'000**	**Australian Dollar RM'000**	**Thai Baht RM'000**	**Euro RM'000**	**Singapore Dollar RM'000**	**New Zealand Dollar RM'000**
Trade receivables	**9,661**	**-**	**7,723**	**-**	**1**	**-**
Other receivables	**167**	**-**	**-**	**-**	**-**	**-**
Cash and cash equivalents	**1,281**	**485**	**-**	**-**	**-**	**-**
Trade payables	**(4,224)**	**(1,574)**	**-**	**-**	**-**	**-**
Other payables	**(137)**	**-**	**-**	**(5)**	**-**	**-**
Unsecured bankers' acceptance	**(9,903)**	**-**	**-**	**-**	**-**	**-**
2015						
Trade receivables	15,187	-	4,319	1,317	4	-
Other receivables	45	-	-	-	-	-
Cash and cash equivalents	7,574	-	-	-	-	-
Trade payables	(6,537)	-	-	-	-	-
Other payables	(119)	-	-	(43)	-	-
Unsecured bankers' acceptance	(8,899)	-	-	-	-	-

Company 2016	United States Dollar RM'000	Australian Dollar RM'000	Thai Baht RM'000	Euro RM'000	Singapore Dollar RM'000	New Zealand Dollar RM'000
	Denominated in					
Trade receivables	**9,446**	**-**	**7,723**	**-**	**1**	**-**
Other receivables	**167**	**-**	**-**	**-**	**-**	**-**
Cash and cash equivalents	**1,178**	**485**	**-**	**-**	**-**	**-**
Amounts receivable from subsidiaries	**465**	**9,592**	**-**	**-**	**-**	**1,325**
Trade payables	**(4,224)**	**(1,574)**	**-**	**-**	**-**	**-**
Other payables	**(137)**	**-**	**-**	**(5)**	**-**	**-**
Unsecured bankers' acceptance	**(9,903)**	**-**	**-**	**-**	**-**	**-**
2015						
Trade receivables	14,848	-	4,319	1,317	4	-
Other receivables	45	-	-	-	-	-
Cash and cash equivalents	7,503	-	-	-	-	-
Amounts receivable from subsidiaries	1,026	5,514	-	-	-	858
Trade payables	(6,537)	-	-	-	-	-
Other payables	(119)	-	-	(43)	-	-
Unsecured bankers' acceptance	(8,899)	-	-	-	-	-

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
United States Dollar	**188**	(361)	**150**	(393)
Australian Dollar	**55**	-	**(425)**	(276)
Thai Baht	**(386)**	(216)	**(386)**	(216)
Euro	**-**	(64)	**-**	(64)
Other currencies	**-**	-	**(66)**	(43)
	(143)	(641)	**(727)**	(992)

(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	
	2016	2015
	RM'000	RM'000
Increase/Decrease in profit	±33	±26

(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 the customers disclosed in Notes 15 and 27 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 annual interest rate %	Carrying amount RM'000	Contractual cash flows RM'000	Less than 1 year RM'000	1 - 5 years RM'000
2016					
Trade and other payables	-	51,805	51,805	51,297	508
Loans and borrowings:					
Finance lease liabilities	2.47-2.72	7,213	7,698	3,115	4,583
Term loans	4.05-4.41	13,345	14,314	4,792	9,522
Bankers' acceptances	1.08-3.83	33,432	33,584	33,584	-
Derivative financial liabilities	-	570	570	570	-
		106,365	107,972	93,358	14,613
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
Company					
2016					
Trade and other payables	-	50,156	50,156	49,648	508
Loans and borrowings:					
Finance lease liabilities	2.47-2.72	7,213	7,698	3,115	4,583
Term loans	4.05-4.41	13,345	14,314	4,792	9,522
Bankers' acceptances	1.08-3.83	33,432	33,584	33,584	-
Derivative financial liabilities	-	570	570	570	-
		104,716	106,322	91,709	14,613
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

The finance lease liabilities and the term loans of the Group and of the Company are repayable by 36 to 60 monthly instalments (2015: 36 to 60 monthly instalments) and 60 monthly instalments (2015: 36 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.

	Fair value of financial instruments carried at fair value				
Group and Company	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Carrying amount RM'000**
2016					
Financial asset					
Foreign currency forward contracts	-	21	-	21	21
Financial liability					
Foreign currency forward contracts	-	570	-	570	570
2015					
Financial asset					
Foreign currency forward contracts	-	48	-	48	48
Financial liability					
Foreign currency forward contracts	-	341	-	341	341

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
2016					
Financial liability					
Loans and borrowings:					
Finance lease liabilities	-	6,593	-	6,593	7,213
Term loans	-	12,197	-	12,197	13,345
2015					
Financial liability					
Loans and borrowings:					
Finance lease liabilities	-	8,228	-	8,228	9,162
Term loans	-	12,205	-	12,205	13,160

(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 2016	2015
Finance lease liabilities	4.78% - 5.26%	4.84% - 4.97%
Term loans	4.12% - 4.50%	4.43% - 4.78%

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.

26. 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 2015.

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 2015 was to maintain the gearing ratio within manageable levels. The gearing ratios as of December 31, 2016 and December 31, 2015 were as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total borrowings (RM'000)	53,990	43,921	53,990	43,921
Total equity (RM'000)	189,171	181,474	174,115	166,502
Gearing ratios	0.29	0.24	0.31	0.26

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; and

(c) inter-company 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.

27. OPERATING SEGMENTS

No segment information has been prepared for financial year ended December 31, 2016 as the Group is primarily engaged in manufacturing and marketing of flexible packaging materials.

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	
	2016	2015
	RM'000	RM'000
Revenue		
Malaysia	306,725	292,619
Australia	61,334	49,205
New Zealand	3,099	3,129
	371,158	344,953
Non-current assets*		
Malaysia	141,118	133,544
Australia	100	123
New Zealand	-	2
	141,218	133,669

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

Information about major customers

Revenue from three major customers of the Group amounted to RM175,130,00 (2015: RM134,457,000 for two major customers). 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.

28. COMMITMENTS

(a) Capital commitments

As of December 31, 2016, the Group and the Company have the following capital commitments in respect of the purchase of property, plant and equipment:

	Group and Company	
	2016	2015
	RM'000	RM'000
Authorised and contracted for	58	5,880
Authorised but not contracted for	12,000	1,923

(b) Lease commitments

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

	Group 2016 RM'000	Group 2015 RM'000
Future minimum lease payments payables:		
Not later than 1 year	94	43
Later than 1 year but not later than 2 years	96	-
Later than 2 years but not later than 5 years	49	-
	239	43

Operating lease commitment is in respect of premises. The lease is negotiated for a term of 3 years (2015: 3 years).

29. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On November 14, 2016, the Company announced that its wholly-owned subsidiary, Daibochi Flexibles Sdn. Bhd. had signed a Memorandum of Agreement with Myanmar Smart Pack Industrial Company Limited to establish a joint venture company ("JVC"), to be named Daibochi Packaging (Myanmar) Co., Ltd in Myanmar.

The principal activity of JVC will be manufacturing, marketing, sales and distribution of flexible packaging in Myanmar and the exporting of such flexible packaging out of Myanmar.

The establishment of the JVC is pending approval from the Myanmar Investment Commission.

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	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings:				
- Realised	**72,357**	79,771	**51,057**	61,457
- Unrealised	**(14,090)**	(11,773)	**(14,161)**	(11,821)
	58,267	67,998	**36,896**	49,636
Total share of retained earnings from an associate:				
- Realised	**(2,299)**	(368)	**-**	-
- Unrealised	**(24)**	(9)	**-**	-
	55,944	67,621	**36,896**	49,636
Less: Consolidation adjustments	**(4,587)**	(3,301)	**-**	-
Total retained earnings	**51,357**	64,320	**36,896**	49,636

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.

The directors of **DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD**. state that, in their opinion, the financial statements set out on pages 62 to 111 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, 2016 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 112 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
April 3, 2017

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 62 to 111 and the supplementary information set out on page 112 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 3rd day of April, 2017.

Before me,

SHAHRIZAH BINTI YAHYA
COMMISSIONER FOR OATHS

SHAREHOLDINGS

Total number of issued Shares	: 273,245,856 ordinary shares
Issued Share Capital	: RM136,622,928
Class of shares	: Ordinary shares
Voting rights	: One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
1 - 99	68	3.07	2,607	-
100 - 1,000	297	13.41	95,362	0.03
1,001 - 10,000	937	42.30	5,579,665	2.04
10,001 - 100,000	764	34.49	22,037,155	8.07
100,001 to less than 5% of issued shares	146	6.59	180,738,053	66.15
5% and above of issued shares	3	0.14	64,793,014	23.71
Total	2,215	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 - TNTC 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	16,080,200	5.88	-	-
Datuk Wira Wong Soon Lim	14,033,621	5.14	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	14,033,621	5.14	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	16,080,200	5.88
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	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB for Yulina Binti Baharuddin (PB)	11,059,200	4.05
8	Teh Kim Hong	10,729,984	3.93
9	Low Chan Tian	10,448,352	3.82
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	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Morgan Stanley & Co. International PLC (IPB Client Acct.)	6,669,240	2.44
13	RHB Nominees (Tempatan) Sdn Bhd - Low Chan Tian	6,374,016	2.33
14	Amanahraya Trustees Berhad - Public Islamic Select Treasures Fund	6,331,800	2.32
15	Datuk Wira Wong Soon Lim	5,364,821	1.96
16	DB (Malaysia) Nominee (Tempatan) Sdn Bhd - The Bank of New York Mellon for The Board of Regents of The University of Texas System	4,489,080	1.64
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	Lim Keat Sear	2,514,240	0.92
20	Yong Noni	2,433,984	0.89
21	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Aberislamic)	2,304,200	0.84
22	Tan Booi Charn	2,260,000	0.83
23	Low Chung Kuay	2,142,020	0.78
24	DB (Malaysia) Nominee (Tempatan) Sdn Bhd - Deutsche Trustees Malaysia Bhd for Eastspring InvestmentsSmall-Cap Fund	2,080,500	0.76
25	Citigroup Nominees (Tempatan) Sdn Bhd - Cheong Siew Chyuan (470322)	1,800,000	0.66
26	Kenanga Nominees (Tempatan) Sdn Bhd - Mak Tian Meng	1,589,680	0.58
27	Citigroup Nominees (Asing) Sdn Bhd - Citibank New York (Norges Bank 14)	1,583,200	0.58
28	Chew Gee Lan	1,559,757	0.57
29	CIMB Group Nominees (Tempatan) Sdn Bhd - Datuk Wira Wong Soon Lim (Daibochi)	1,468,800	0.54
30	Tan Booi Charn	1,440,000	0.53
	Total	206,600,198	75.60

List Of Properties

Location	Description	Age of buildings	Area	Tenure	Date of acquisition	Net carrying amount as of December 31, 2016 RM'000
Lot 3531 - 3533, Jalan Bemban, Kawasan Perindustrian Jasin, 77000 Jasin, Melaka	Land & factory buildings	1 building - 3 years 1 building - 1 year	2.120 hectares	Freehold	08.02.2013	15,355
Lot 7, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Land & factory buildings	2 buildings - 24 years 3 buildings - 23 years 1 building - 22 years 1 building - 21 years	2.692 hectares	Leasehold expiring on 24.05.2091	29.10.1991	13,022
Lot 3, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Land & factory buildings	1 building - 24 years 2 buildings - 21 years 1 building - 17 years 1 building - 16 years 1 building - 12 years	2.062 hectares	Leasehold expiring on 24.05.2091	03.07.1995	12,256
PT 2598, Mukim of Bukit Baru, 75450 Melaka	Land & warehouse cum office building	1 building - 23 years 1 building - 6 years	0.834 hectares	Leasehold expiring on 11.05.2094	24.05.2004	4,775

This page has been intentionally left blank

Form Of Proxy

CDS account no	
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, participate, speak and vote for me/us on my/our behalf at the Forty Fourth Annual General Meeting ("AGM") of the Company to be held at Bunga Melati, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Wednesday, May 24, 2017 at 10.30 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below.

ORDINARY BUSINESS		FOR	AGAINST
1. Approval of Non-Executive Directors' fees	Resolution 1		
2. Approval of Non-Executive Directors' benefits	Resolution 2		
3. Re-election of Director under Article 103 - Mr. Low Chan Tian	Resolution 3		
4. Re-election of Director under Article 103 - Mr. Heng Fu Joe	Resolution 4		
5. To re-appoint retiring Auditors, Messrs SJ Grant Thornton	Resolution 5		
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 6		
7. Authority for Directors to allot shares pursuant to Section 75 of the Companies Act 2016	Resolution 7		
8. Proposed renewal of share buy-back authority	Resolution 8		

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

Signature/Common Seal

Contact No. : ____________________

Date: ____________________

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

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

NOTES: -

1. For the purpose of determining a member who shall be entitled to attend, participate, speak and vote at this 44th 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 17, 2017. Only a depositor whose name appears on the Record of Depositors as at May 17, 2017 shall be entitled to attend, participate, speak and vote at the said meeting or appoint proxies to attend, participate, speak and vote on his/her behalf.
2. A member entitled to attend, participate, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, participate, speak 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 twenty-four (24) hours before the time appointed for holding the meeting.
8. Pursuant to Paragraph 8.29A (1) of Bursa Malaysia's Listing Requirements, all the Resolutions set out in this Notice will be put to vote by poll.

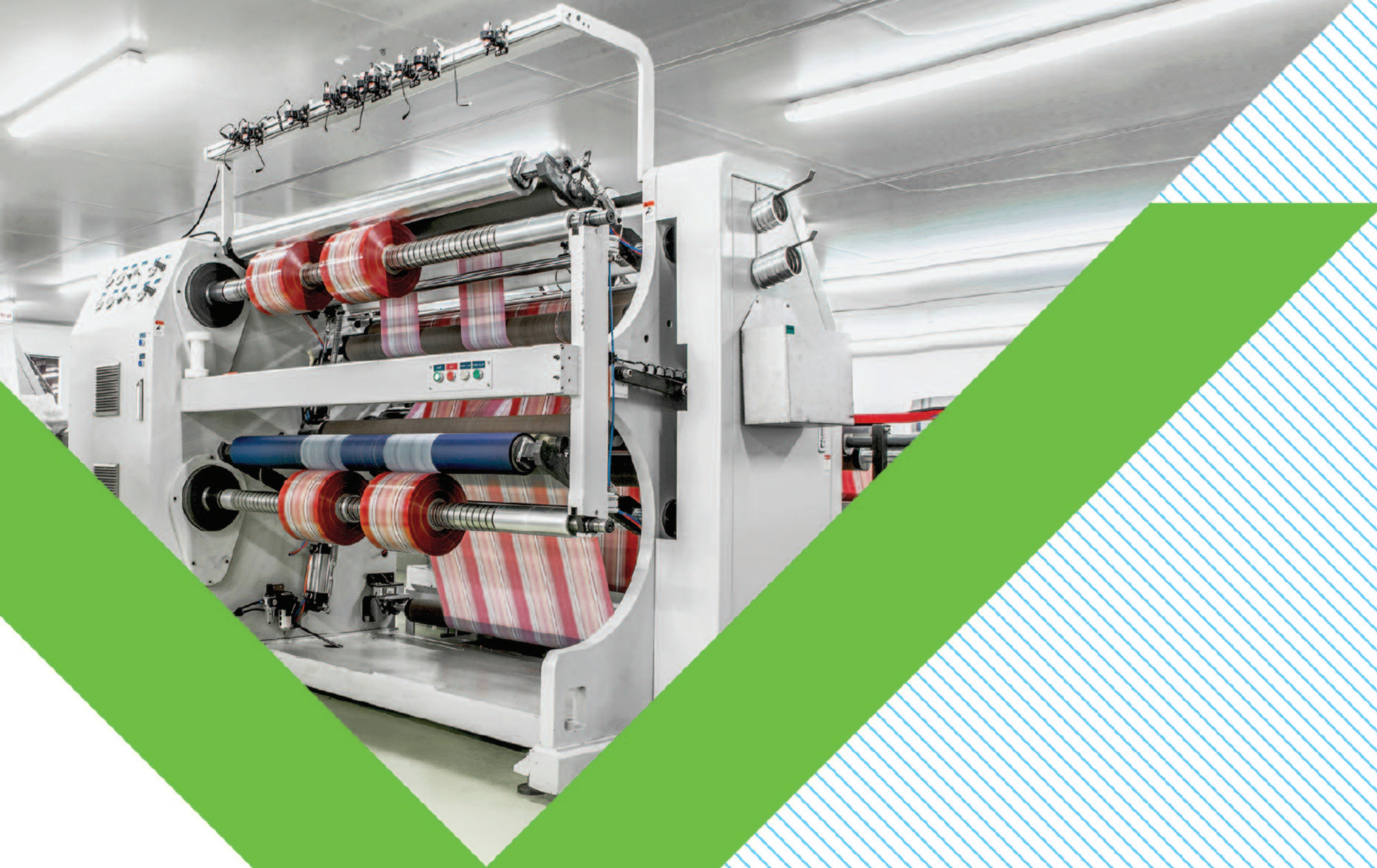
Fold this flap for sealing

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