## Dividends

Cognizant of the Group's improved cash flow and anticipated steady profitability in the future, the Board had on July 26, 2012 announced a change in the Group's dividend policy, namely to distribute no less than 60% of Group annual net profit to shareholders with effect from FY2012. The dividend is to be paid on a quarterly basis.

The Group's previous dividend policy, set in 2009, was to distribute no less than 50% of Group net profit to shareholders.

The upward revision in dividend pay out points to the Group's optimism on our earnings sustainability moving forward. We are confident that our long-term shareholders would appreciate the higher returns commensurate with the Group's expanding operations.

In light of this, the Board declared and paid four interim dividends totalling 13.3* sen per share in respect of FY2012, comprising 2.3 sen, 4.0 sen, 3.5 sen and 3.5 sen in the first, second, third and fourth quarters respectively.

The dividend payout of RM15.2 million represents 61.5% of FY2012 bottom line - exceeding its revised dividend policy.

** Note: Dividends in respect of FY2012 have been adjusted for the 1-for-2 Bonus Issue, without which the total dividend would amount to 16.5 sen per share.*

## Industry Outlook & Growth Prospects

Statistics from Freedonia Group estimate that demand for flexible packaging is projected to increase to 19 billion tonnes in 2013, growing 3.5% annually from 2011.

There is little doubt that flexible packaging will remain the packaging of choice going forward. It is increasingly popular because it allows manufacturers to stock up larger quantities of products compared to rigid packaging and therefore enjoy the corresponding cost advantages pertaining to transport and storage.

Additionally, we have witnessed first-hand the increasing number of enquiries from MNCs, as they explore the possibility of sourcing their flexible packaging requirements from South East Asian manufacturers for cost competitiveness.

We believe that as a market leader in this region, Daibochi stands in good stead to expand our share in the growing market, given our track record in providing high-quality packaging in accordance with MNCs' stringent requirements, together with our continued commitment to product innovation.

To this end, we will continue to expend our efforts in increasing our customer base, especially amongst MNC clients in the F&B and FMCG sectors in the South East Asian region.

At the same time, we will seek to strengthen our footing in the new sectors of medical gloves and electronics, by continuing to pursue the necessary testing and certification processes.

Finally, we plan to expand our production capacities by building new manufacturing facilities in Jasin, Melaka in the current financial year ending December 31, 2013 (FY2013). The Group had announced in February 2013 the acquisition of 5.2-acres of industrial land at the purchase consideration of RM2.7 million.

We intend to invest a total of RM45.0 million over the next three years to construct and equip the new facilities. Of this, RM25.0 million will be invested in FY2013, being the cost of the purchase of land, construction of new facilities and the acquisition of machinery. A further RM20.0 million will be invested from 2014 to 2016.

The first phase of the new facilities, targeted for completion by end-FY2013, will enable the Group to expand our in-house film-making and metallizing operations to meet the current and future needs of our growing clientele.

In the long term, the new plant will provide the Group with greater capacity to capture substantial market share in the growing flexible packaging sector in the region.

All said, we are justifiably buoyant of the Group's bright prospects ahead, and trust in the continued support of our stakeholders - valued customers, suppliers, business associates, employees, Government authorities and investors - to carry us through in the years to come.

## Welcome

We welcome Ms Caroline Ang Choo Bee, who joined the Board as an Independent and Non-Executive Director on July 16, 2012.

## Appreciation

In closing, and on a personal note, I would like to record my appreciation to my fellow Directors, the management team and employees for their earnest dedication and commitment enabling Daibochi to achieve exemplary results in FY2012.

**P. JAMES EDWIN A/L LOUIS PUSHPARATNAM**
CHAIRMAN

April 4, 2013

# Directors' Report

The directors of DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD. have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2012.

## PRINCIPAL ACTIVITIES

The Company is principally involved in manufacturing and marketing of flexible packaging materials. The principal activities of the subsidiaries are as disclosed in Note 13 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries 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:

| | The Group RM'000 | The Company RM'000 |
|---|---|---|
| **Profit for the financial year** | 25,020 | 24,181 |
| **Profit for the financial year attributable to:** | | |
| Owners of the Company | 24,641 | |
| Non-controlling interests | 379 | |
| | 25,020 | |

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDENDS

Since the end of the previous financial year, the Company paid:

(i) a fourth interim dividend of 4.0%, tax exempt, amounting to RM2,991,856, in respect of the financial year ended December 31, 2011 on March 23, 2012;

(ii) a first interim dividend of 3.5%, tax exempt, amounting to RM2,654,314 in respect of the financial year ended December 31, 2012 on June 8, 2012;

(iii) a second interim dividend of 6.0%, tax exempt, amounting to RM4,554,108 in respect of the financial year ended December 31, 2012 on September 7, 2012; and

(iv) a third interim dividend of 3.5%, tax exempt, amounting to RM3,977,490 in respect of the financial year ended December 31, 2012 on December 7, 2012.

On February 21, 2013, the directors declared a fourth interim dividend of 3.5%, tax exempt, amounting to RM3,976,489 in respect of the financial year ended December 31, 2012 which will be paid on April 12, 2013. The said dividend has not been included as a liability in the financial statements as of December 31, 2012.

The directors do not recommend the payment of any final dividend in respect of the financial year ended December 31, 2012.

## 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 issued 37,950,695 bonus shares of RM1 each on the basis of one new ordinary share of RM1 each for every two existing ordinary shares of RM1 each by way of capitalising RM37,950,695 from the retained earnings account.

The newly issued shares rank pari passu in all respects with the existing issued ordinary shares except that they will not qualify for any dividend or distribution declared to members on the Register of Members and Record of Depositors as at the relevant books closing date which precedes the date of allotment of the new ordinary shares.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

There was no issuance of debentures during the financial year.

## TREASURY SHARES

During the financial year, the Company repurchased 913,400 of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of the shares was RM2,369,595 including transaction costs and has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares was RM2.59. The Company had also disposed of 1,772,800 treasury shares valued at RM2.81 for a total net consideration of RM4,979,363 in the open market, resulting in a surplus of RM329,134 which has been credited to the share premium account as disclosed in Note 23 to the Financial Statements.

The Company held 416,300 treasury shares out of its 113,852,496 issued ordinary shares. The treasury shares are held in accordance with Section 67A of the Companies Act 1965 at a carrying amount of RM1,052,330 as disclosed in Note 22 to the Financial Statements.

## SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

## OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts was necessary; 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 make any provision for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts inadequate to any substantial extent; or

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

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

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

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

## DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

P. James Edwin A/L Louis Pushparatnam
Lim Soo Koon
Datuk Wong Soon Lim
Low Chan Tian
Heng Fu Joe
Low Geoff Jin Wei
Caroline Ang Choo Bee (appointed on July 16, 2012)
Datuk Husein Bin Tamby Chik (resigned on April 30, 2012)

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

In accordance with Article 94 of the Company's Articles of Association, Caroline Ang Choo Bee who was appointed to the Board since the last Annual General Meeting, retires under the said article and, being eligible, offers herself for re-election at the forthcoming Annual General Meeting of the Company.

## DIRECTORS' INTERESTS

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

| | Number of ordinary shares of RM1 each | | | | |
|---|---|---|---|---|---|
| | Balance as of 1.1.2012 / date of appointment # | Bought | Bonus issue | Sold | Balance as of 31.12.2012 |
| **Interests in the Company** | | | | | |
| **Direct interests** | | | | | |
| Low Chan Tian | 4,916,720 | 45,000 | 2,480,860 | - | 7,442,580 |
| Datuk Wong Soon Lim | 4,779,440 | 19,900 | 2,399,669 | (520,000) | 6,679,009 |
| Low Geoff Jin Wei | 2,727,680 | 518,600 | 1,556,140 | (270,000) | 4,532,420 |
| Lim Soo Koon | 120,000 | 5,000 | 60,000 | (5,000) | 180,000 |
| P. James Edwin A/L Louis Pushparatnam | 6,280 | - | 3,140 | - | 9,420 |
| Heng Fu Joe | - | 27,000 | 13,500 | - | 40,500 |
| Caroline Ang Choo Bee | 4,000 # | - | 2,000 | - | 6,000 |
| **Deemed interests *** | | | | | |
| Low Chan Tian | 1,770,560 | - | 885,280 | - | 2,655,840 |
| Datuk Wong Soon Lim | 226,300 | - | 113,150 | - | 339,450 |
| Caroline Ang Choo Bee | 10,000 # | 11,000 | 6,000 | - | 27,000 |

* Registered in the name of director's spouse.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in Note 8 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of those transactions as disclosed in Note 30 to the Financial Statements.

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

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 35 to the Financial Statements.

## EVENT AFTER THE FINANCIAL YEAR

The event after the financial year is disclosed in Note 36 to the Financial Statements.

## AUDITORS

The auditors, Messrs. SJ Grant Thornton, have indicated their willingness to continue in office.

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

**P. JAMES EDWIN A/L LOUIS PUSHPARATNAM** **DATUK WONG SOON LIM**

Melaka
April 4, 2013

# Independent Auditors' Report

**to the members of Daibochi Plastic And Packaging Industry Bhd**

## Report on the Financial Statements

We have audited the financial statements of Daibochi Plastic And Packaging Industry Bhd., which comprise the statements of financial position of the Group and of the Company as of December 31, 2012 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as enumerated in Notes 1 to 37 to the Financial Statements and set out on pages 10 to 87.

### *Directors' Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of December 31, 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

## Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and auditors' report of the subsidiary, of which we have not acted as auditors, which is indicated in Note 13 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 as required by us for those purposes.

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

**Other Reporting Responsibilities**

The supplementary information set out on page 101 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

The auditors' report of the Group and of the Company as of December 31, 2011 were audited by another auditor whose report dated March 31, 2012 expressed an unqualified opinion on those statements.

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

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

Kuala Lumpur
April 4, 2013

# Statements Of Comprehensive Income

**FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2012**

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2012 | 2011 | 2012 | 2011 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 5 | 278,752 | 284,229 | 270,165 | 261,875 |
| Cost of sales | 6 | (229,107) | (243,246) | (226,853) | (230,753) |
| Gross profit | | 49,645 | 40,983 | 43,312 | 31,122 |
| Other income | | 4,242 | 3,086 | 4,697 | 3,236 |
| Selling and distribution costs | | (8,925) | (8,281) | (8,131) | (7,599) |
| Administrative expenses | | (10,506) | (9,221) | (6,448) | (5,633) |
| Finance costs | 7 | (866) | (1,218) | (828) | (1,121) |
| Share of results of an associate | 14 | 331 | (72) | - | - |
| **Profit before tax** | 8 | 33,921 | 25,277 | 32,602 | 20,005 |
| Income tax expense | 9 | (8,901) | (4,521) | (8,421) | (3,059) |
| **Profit for the financial year** | | 25,020 | 20,756 | 24,181 | 16,946 |
| **Other comprehensive income for the financial year, net of income tax:** | | | | | |
| Exchange differences on translating foreign operation | | (51) | 105 | - | - |
| **Total comprehensive income for the financial year** | | 24,969 | 20,861 | 24,181 | 16,946 |
| **Profit for the financial year attributable to:** | | | | | |
| Owners of the Company | | 24,641 | 20,075 | | |
| Non-controlling interests | | 379 | 681 | | |
| | | 25,020 | 20,756 | | |
| **Total comprehensive income for the financial year attributable to:** | | | | | |
| Owners of the Company | | 24,615 | 20,128 | | |
| Non-controlling interests | | 354 | 733 | | |
| | | 24,969 | 20,861 | | |
| Earnings per ordinary share attributable to owners of the Company | | | | | |
| - basic (sen) | 10 | 21.74 | 17.78 | | |

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

# Statements Of Financial Position

## AS OF DECEMBER 31, 2012

| | Note | The Group 2012 RM'000 | The Group 2011 RM'000 | The Company 2012 RM'000 | The Company 2011 RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 11 | 84,887 | 75,313 | 84,599 | 75,110 |
| Land held for property development | 12 | 2,807 | 7,900 | - | - |
| Investments in subsidiaries | 13 | - | - | 7,199 | 2,000 |
| Investment in an associate | 14 | 23,336 | 23,005 | - | - |
| Deferred tax assets | 15 | 43 | 42 | - | - |
| | | 111,073 | 106,260 | 91,798 | 77,110 |
| **Current assets** | | | | | |
| Inventories | 16 | 55,459 | 44,912 | 42,821 | 36,232 |
| Property development costs | 17 | - | - | - | - |
| Trade and other receivables | 18 | 60,909 | 67,106 | 54,435 | 53,739 |
| Tax recoverable | | 323 | 602 | - | 580 |
| Amounts receivable from subsidiaries | 19 | - | - | 31,900 | 38,468 |
| Derivative financial assets | 20 | 11 | - | 11 | - |
| Short-term deposits, cash and bank balances | 21 | 7,450 | 10,410 | 5,953 | 7,522 |
| | | 124,152 | 123,030 | 135,120 | 136,541 |
| **Total Assets** | | 235,225 | 229,290 | 226,918 | 213,651 |

| | Note | The Group 2012 RM'000 | The Group 2011 RM'000 | The Company 2012 RM'000 | The Company 2011 RM'000 |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and reserves** | | | | | |
| Share capital | 22 | **113,853** | 75,902 | **113,853** | 75,902 |
| Treasury shares | 22 | **(1,052)** | (3,333) | **(1,052)** | (3,333) |
| Reserves | 23 | **37,619** | 67,629 | **30,201** | 57,820 |
| Equity attributable to owners of the Company | | **150,420** | 140,198 | **143,002** | 130,389 |
| Non-controlling interests | | **-** | 2,190 | **-** | - |
| **Total Equity** | | **150,420** | 142,388 | **143,002** | 130,389 |
| **Non-current liabilities** | | | | | |
| Trade and other payables | 26 | **60** | - | **-** | - |
| Term loans | 24 | **6,548** | 7,632 | **6,548** | 7,632 |
| Finance lease liabilities | 25 | **497** | 762 | **497** | 762 |
| Deferred tax liabilities | 15 | **7,224** | 6,847 | **7,922** | 7,473 |
| | | **14,329** | 15,241 | **14,967** | 15,867 |
| **Current liabilities** | | | | | |
| Trade and other payables | 26 | **44,640** | 43,887 | **42,731** | 41,099 |
| Amount payable to a subsidiary | 19 | **-** | - | **394** | 394 |
| Term loans | 24 | **5,541** | 4,182 | **5,541** | 4,182 |
| Finance lease liabilities | 25 | **265** | 271 | **265** | 271 |
| Derivative financial liabilities | 20 | **-** | 196 | **-** | 196 |
| Short-term borrowings | 27 | **17,216** | 22,694 | **17,216** | 21,253 |
| Tax payable | | **2,814** | 431 | **2,802** | - |
| | | **70,476** | 71,661 | **68,949** | 67,395 |
| **Total Liabilities** | | **84,805** | 86,902 | **83,916** | 83,262 |
| **Total Equity and Liabilities** | | **235,225** | 229,290 | **226,918** | 213,651 |

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

# Statements Of Changes In Equity

## FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2012

| The Group | Note | Attributable to Owners of The Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Non-distributable Reserves | | Distributable Reserve | | | |
| | | Issued Capital RM'000 | Treasury Shares RM'000 | Share Premium RM'000 | Translation Reserve RM'000 | Retained Earnings RM'000 | Attributable to Owners of The Company RM'000 | Non-Controlling Interests RM'000 | Total Equity RM'000 |
| **Balance as of January 1, 2011** | | 75,902 | (1,669) | 2,356 | 180 | 54,697 | 131,466 | 1,654 | 133,120 |
| Profit for the financial year | | - | - | - | - | 20,075 | 20,075 | 681 | 20,756 |
| Other comprehensive income for the financial year, net of income tax | | - | - | - | 53 | - | 53 | 52 | 105 |
| **Total comprehensive income for the financial year** | | - | - | - | 53 | 20,075 | 20,128 | 733 | 20,861 |
| Transactions with owners: | | | | | | | | | |
| Dividends paid to owners of the Company | 28 | - | - | - | - | (9,734) | (9,734) | - | (9,734) |
| Dividends paid to non-controlling shareholders | | - | - | - | - | - | - | (197) | (197) |
| Share buy-back | 22 | - | (4,517) | - | - | - | (4,517) | - | (4,517) |
| Disposal of treasury shares | 22, 23 | - | 2,853 | 2 | - | - | 2,855 | - | 2,855 |
| **Total transactions with owners** | | - | (1,664) | 2 | - | (9,734) | (11,396) | (197) | (11,593) |
| **Balance as of December 31, 2011** | | 75,902 | (3,333) | 2,358 | 233 | 65,038 | 140,198 | 2,190 | 142,388 |

| The Group | Note | Issued Capital RM'000 | Treasury Shares RM'000 | Share Premium RM'000 | Translation Reserve RM'000 | Retained Earnings RM'000 | Attributable to Owners of The Company RM'000 | Non-Controlling Interests RM'000 | Total Equity RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| | | Attributable to Owners of The Company | | | | | | | |
| | | | | Non-distributable Reserves | | Distributable Reserve | | | |
| **Balance as of January 1, 2012** | | 75,902 | (3,333) | 2,358 | 233 | 65,038 | 140,198 | 2,190 | 142,388 |
| Profit for the financial year | | - | - | - | - | 24,641 | 24,641 | 379 | 25,020 |
| Other comprehensive income for the financial year, net of income tax | | - | - | - | (26) | - | (26) | (25) | (51) |
| **Total comprehensive income for the financial year** | | - | - | - | (26) | 24,641 | 24,615 | 354 | 24,969 |
| Transactions with owners: | | | | | | | | | |
| Dividends paid to owners of the Company | 28 | - | - | - | - | (14,178) | (14,178) | - | (14,178) |
| Dividends paid to non-controlling shareholders | | - | - | - | - | - | - | (170) | (170) |
| Bonus shares | | 37,951 | - | - | - | (37,951) | - | - | - |
| Share buy-back | 22 | - | (2,369) | - | - | - | (2,369) | - | (2,369) |
| Disposal of treasury shares | 22, 23 | - | 4,650 | 329 | - | - | 4,979 | - | 4,979 |
| Changes in ownership interests in subsidiary | 13 | - | - | - | 30 | (2,855) | (2,825) | (2,374) | (5,199) |
| **Total transactions with owners** | | 37,951 | 2,281 | 329 | 30 | (54,984) | (14,393) | (2,544) | (16,937) |
| **Balance as of December 31, 2012** | | 113,853 | (1,052) | 2,687 | 237 | 34,695 | 150,420 | - | 150,420 |

| The Company | Note | Issued Capital RM'000 | Treasury Shares RM'000 | Non-distributable Reserve Share Premium RM'000 | Distributable Reserve Retained Earnings RM'000 | Total Equity RM'000 |
|---|---|---|---|---|---|---|
| **Balance as of January 1, 2011** | | 75,902 | (1,669) | 2,356 | 48,250 | 124,839 |
| Total comprehensive income for the financial year | | - | - | - | 16,946 | 16,946 |
| Transactions with owners: | | | | | | |
| Payment of dividends | 28 | - | - | - | (9,734) | (9,734) |
| Share buy-back | 22 | - | (4,517) | - | - | (4,517) |
| Disposal of treasury shares | 22, 23 | - | 2,853 | 2 | - | 2,855 |
| **Total transactions with owners** | | - | (1,664) | 2 | (9,734) | (11,396) |
| **Balance as of December 31, 2011** | | 75,902 | (3,333) | 2,358 | 55,462 | 130,389 |
| **Balance as of January 1, 2012** | | **75,902** | **(3,333)** | **2,358** | **55,462** | **130,389** |
| Total comprehensive income for the financial year | | **-** | **-** | **-** | **24,181** | **24,181** |
| Transactions with owners: | | | | | | |
| Payment of dividends | 28 | **-** | **-** | **-** | **(14,178)** | **(14,178)** |
| Bonus shares | | **37,951** | **-** | **-** | **(37,951)** | **-** |
| Share buy-back | 22 | **-** | **(2,369)** | **-** | **-** | **(2,369)** |
| Disposal of treasury shares | 22, 23 | **-** | **4,650** | **329** | **-** | **4,979** |
| **Total transactions with owners** | | **37,951** | **2,281** | **329** | **(52,129)** | **(11,568)** |
| **Balance as of December 31, 2012** | | **113,853** | **(1,052)** | **2,687** | **27,514** | **143,002** |

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

# Statements Of Cash Flows

## FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2012

| | Note | The Group 2012 RM'000 | The Group 2011 RM'000 | The Company 2012 RM'000 | The Company 2011 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES** | | | | | |
| Cash receipts from customers and other receivables | | **291,008** | 282,516 | **273,280** | 253,289 |
| Cash paid to suppliers, employees and other payables | | **(245,471)** | (245,611) | **(234,891)** | (228,475) |
| Cash generated from operations | | **45,537** | 36,905 | **38,389** | 24,814 |
| Interest received | | **42** | 47 | **11** | 8 |
| Interest paid | | **(318)** | (838) | **(280)** | (741) |
| Tax paid | | **(5,859)** | (5,672) | **(4,590)** | (4,220) |
| Net Cash From Operating Activities | | **39,402** | 30,442 | **33,530** | 19,861 |
| **CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES** | | | | | |
| Interest received | | **115** | 32 | **96** | 30 |
| Dividend income from a subsidiary | | **-** | - | **522** | 204 |
| Acquisition of a subsidiary | | **#** | - | **#** | - |
| Acquisition of interests of non-controlling interests | | **(5,199)** | - | **(5,199)** | - |
| Expenditure on land held for property development | | **(9)** | - | **-** | - |
| Purchase of property, plant and equipment (*) | | **(19,776)** | (20,340) | **(19,585)** | (20,327) |
| Proceeds from disposal of property, plant and equipment | | **253** | 342 | **220** | 342 |
| Net Cash Used In Investing Activities | | **(24,616)** | (19,966) | **(23,946)** | (19,751) |

| | Note | The Group 2012 RM'000 | The Group 2011 RM'000 | The Company 2012 RM'000 | The Company 2011 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES** | | | | | |
| Share buy-back | | **(2,369)** | (4,517) | **(2,369)** | (4,517) |
| Proceeds from disposal of treasury shares | | **4,979** | 2,855 | **4,979** | 2,855 |
| Drawdown of term loans | | **5,213** | 9,905 | **5,213** | 9,905 |
| Repayment of term loans | | **(4,938)** | (3,368) | **(4,938)** | (3,368) |
| Dividends paid to owners of the Company | | **(14,178)** | (9,734) | **(14,178)** | (9,734) |
| Dividends paid to non-controlling shareholders | | **(170)** | (197) | **-** | - |
| Interest paid | | **(548)** | (380) | **(548)** | (380) |
| (Repayment of)/Proceeds from short-term borrowings (net) | | **(5,937)** | 138 | **(5,937)** | 138 |
| Repayment from a subsidiary | | **-** | - | **5,000** | 9,799 |
| Advances to subsidiaries | | **-** | - | **(4)** | (4) |
| Repayment of finance leases | | **(271)** | (314) | **(271)** | (314) |
| Net Cash (Used In)/From Financing Activities | | **(18,219)** | (5,612) | **(13,053)** | 4,380 |
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | | **(3,433)** | 4,864 | **(3,469)** | 4,490 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR** | | **8,215** | 3,376 | **6,768** | 2,278 |
| Effect of exchange differences | | **14** | (25) | **-** | - |
| | | **8,229** | 3,351 | **6,768** | 2,278 |
| **CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR** | 29 | **4,796** | 8,215 | **3,299** | 6,768 |

(*) During the financial year, the Group's and the Company's additions to property, plant and equipment amounted to RM19,776,000 (2011: RM20,723,000) and RM19,585,000 (2011: RM20,710,000) respectively. In 2012, there were no new finance lease arrangements for the Group and the Company (2011: RM383,000).

# Denote RM2

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

## 1. GENERAL INFORMATION

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

The Company is principally involved in manufacturing and marketing of flexible packaging materials. The principal activities of its subsidiaries are as disclosed in Note 13 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries 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 4, 2013 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.

### (c) Functional and presentation currency

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

### (d) FRSs

In the current financial year, the Group and the Company adopted the following revised FRS issued by MASB that is relevant to their operations and mandatory for financial periods beginning on or after January 1, 2012:

| Revised FRS | |
|---|---|
| FRS 124 | Related Party Disclosures (Revised) |

The adoption of this revised FRS does not have significant financial impact on the financial statements of the Group and of the Company.

## Standards Issued But Not Yet Effective

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

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

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual financial periods beginning on or after January 1, 2013. On July 4, 2012, the MASB has decided to allow Transitioning Entities to defer the adoption of the MFRS Framework for another year. The MFRS Framework will therefore be mandated for all companies for annual financial periods beginning on or after January 1, 2014.

A subsidiary and an associate of the Group fall within the scope of definition of Transitioning Entities and have opted to defer the adoption of the new MFRS Framework and accordingly, the Group will be required to prepare its first set of financial statements using the MFRS Framework for the financial year ending December 31, 2014.

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

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

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

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

| | | Effective for Financial Periods Beginning On or After |
|---|---|---|
| FRS 9 | Financial Instruments(International Financial Reporting Standards ("IFRS") 9 issued by International Accounting Standards Board ("IASB") in November 2009) | January 1, 2015 |

| | | Effective for Financial Periods Beginning On or After |
|---|---|---|
| FRS 9 | Financial Instruments (IFRS 9 issued by IASB in October 2010) | January 1, 2015 |
| FRS 10 | Consolidated Financial Statements | January 1, 2013 |
| FRS 11 | Joint Arrangements | January 1, 2013 |
| FRS 12 | Disclosure of Interests in Other Entities | January 1, 2013 |
| FRS 13 | Fair Value Measurement | January 1, 2013 |
| FRS 119 | Employee Benefits (Revised) | January 1, 2013 |
| FRS 127 | Separate Financial Statements (Revised) | January 1, 2013 |
| FRS 128 | Investments in Associates and Joint Ventures (Revised) | January 1, 2013 |
| IC Int. 20 | Stripping Costs in the Production Phase of a Surface Mine | January 1, 2013 |
| Amendments to FRS 1 | Government Loans | January 1, 2013 |
| Amendment to FRS 1 | First-time Adoption of Financial Reporting Standards [Improvements to FRSs (2012)] | January 1, 2013 |
| Amendments to FRS 7 | Disclosures - Offsetting Financial Assets and Financial Liabilities | January 1, 2013 |
| Amendments to FRS 9/ FRS 7 | Mandatory Effective Date of FRS 9 and Transition Disclosures [(IFRS 9 issued by IASB in November 2009 and October 2010) and FRS 7] | January 1, 2015 |
| Amendments to FRS 10 | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance | January 1, 2013 |
| Amendments to FRS 11 | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance | January 1, 2013 |
| Amendments to FRS 12 | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance | January 1, 2013 |
| Amendments to FRS 101 | Presentation of Items of Other Comprehensive Income | July 1, 2012 |
| Amendment to FRS 101 | Presentation of Financial Statements [Improvements to FRSs (2012)] | January 1, 2013 |

| | | Effective for Financial Periods Beginning On or After |
|---|---|---|
| Amendment to FRS 116 | Property, Plant and Equipment [Improvements to FRSs (2012)] | January 1, 2013 |
| Amendments to FRS 10/ FRS 12 and FRS 127 | Investment Entities | January 1, 2014 |
| Amendment to FRS 132 | Financial Instruments: Presentation [Improvements to FRSs (2012)] | January 1, 2013 |
| Amendments to FRS 132 | Offsetting Financial Assets and Financial Liabilities | January 1, 2014 |
| Amendment to FRS 134 | Interim Financial Reporting [Improvements to FRSs (2012)] | January 1, 2013 |
| Amendment to IC Int. 2 | Members' Shares in Co-operative Entities & Similar Instruments [Improvements to FRSs (2012)] | January 1, 2013 |

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Revenue and income recognition

Revenue from sales of goods is recognised upon delivery of products and when the risks and rewards of ownership have passed to the customers. Sales represent gross invoiced value of goods sold net of sales taxes, returns and trade discounts.

Revenue from the sale of development properties is accounted for by using the stage of completion method as described in Note 3(k)(ii) to the Financial Statements. Revenue relating to sale of completed properties is recognised when the risks and rewards associated with the ownership are transferred to the property purchasers.

Interest income is recognised on an accrual basis by reference to the principal outstanding and at the effective interest rate applicable.

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

### (b) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of presenting the consolidated financial statements, the results and financial position of each entity are expressed in RM, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are included in the profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in the foreign operation, and which are included in the foreign currency translation reserve and recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in RM using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity and transferred to the Group's translation reserve (attributed to non-controlling interests as appropriate). Such exchange differences are recognised in the other comprehensive income in the period in which the foreign operation is 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 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.

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) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to December 31, 2012. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

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

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

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

### (e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

A gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the profit or loss.

Depreciation of property, plant and equipment, except for construction in progress which is not depreciated, is computed on the straight-line method at the following annual rates based on the estimated useful lives of the various assets. The annual depreciation rates are as follows:

| | |
|---|---|
| Leasehold land | Over 99 years |
| Buildings | 2% - 10% |
| Plant and machinery | 6.67% - 50% |
| Motor vehicles | 12.5% - 20% |
| Equipment, furniture, fixture and fittings | 7.5% - 27% |

Printing cylinders are included in the plant and machinery with annual depreciation rate of 50%.

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.

### (f) 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(e) 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.

## (g) 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.

### (h) Investments in subsidiaries

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

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.

### (i) Investment in an associate

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies and is generally accompanying a shareholding of between 20% to 50% of the voting rights.

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 not amortised.

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.

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.

### (j) Inventories

Inventories are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. The cost of raw materials comprises the original purchase price plus the cost of bringing the inventories to their present location. The costs of work-in-progress and finished goods include the cost of raw materials, direct labour, other direct costs and an appropriate proportion of the manufacturing overheads. Net realisable value represents the estimated selling price in the ordinary course of business less the costs of completion and applicable variable selling price.

Inventories of unsold completed property units and vacant land are stated at the lower of cost and net realisable value and is determined on specific identification basis. Cost includes the relevant cost of land, development expenditure and interest cost incurred during the development period. Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money, if material, less costs to completion, where applicable and the estimated costs to sale. The cost of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold.

### (k) Property development activities

#### (i) Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses, if any.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, borrowing costs capitalised and other relevant levies.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the company's normal operating cycle of 3 to 5 years.

#### (ii) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expense are recognised by using the percentage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

When the outcome of property development activity cannot be estimated reliably, property development revenue is recognised to the extent of property development costs incurred that is probable of recovery. Property development costs on the completed property units sold are recognised when incurred.

Any anticipated loss on a property development project (including costs to be incurred over the defect liability period), is recognised as an expense immediately.

### (l) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (m) Employee benefits

#### (i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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

#### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company paid fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund. The Group's foreign subsidiary also makes contributions to its country's statutory pension schemes.

#### (iii) Long-term employee benefits

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

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

### (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 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) Contingent liabilities

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

### (p) Financial instruments

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

#### (i) Financial assets

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

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

The Group's and the Company's principal financial assets are trade and other receivables, cash and cash equivalents and inter-company indebtedness and are measured at initial recognition at fair value, and are subsequently measured at amortised cost less impairment losses, if any.

#### (ii) Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, other financial liabilities measured at amortised cost using the effective interest method and financial guarantee contracts.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

The Group's and the Company's significant financial liabilities include trade and other payables, accruals, inter-company indebtedness and borrowings which are initially measured at fair value and subsequently measured at amortised cost.

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

### (iii) Derecognition

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

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

## (q) 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.

## (r) 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/(liabilities) and disclosed under Note 20 to the Financial Statements.

## (s) 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.

## (t) 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.

### (u) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks (net of bank overdrafts) and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included within borrowings in current liabilities on the statements of financial position.

### (v) Segment reporting

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

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single segment.

### (w) Related parties

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

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

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

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

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

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 to the Financial Statements, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

### Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:

#### (i) Depreciation of 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(e) 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 at the end of the financial year is disclosed in Note 11 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.

#### (ii) Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Company's core business is subject to economic changes which may cause selling prices to change rapidly, and the Group's and the Company's profit to change.

The carrying amount of the Group's and the Company's inventories at the end of the financial year is disclosed in Note 16 to the Financial Statements.

Management anticipates that the expected net realisable value 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.

#### (iii) Impairment of receivables

The Group and the Company assess at the end of the financial year whether there is any objective evidence that receivables are impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

The carrying amount of the Group's and the Company's receivables at the end of the financial year is as disclosed in Note 18 to the Financial Statements.

Management expects that the receivables amount at the end of the reporting date 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.

### (iv) Provision for long service leave

The Group's liability for long service leave is recognised and measured at the present value of the estimated future cash flows. In determining the present value of the liability, future increase in wages and salaries, future on-cost rates and experience of employee departures and period of service have been taken into account.

Management anticipates that the provision amount at the end of the reporting date would not have material difference from their estimates and hence it would not result in material variance in the Group's profit for the financial year.

## 5. REVENUE

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| Manufacturing and marketing of flexible packaging materials | 275,769 | 267,897 | 270,165 | 261,629 |
| Sales of completed property units | 2,983 | 1,431 | - | 246 |
| Property development revenue | - | 14,901 | - | - |
| | 278,752 | 284,229 | 270,165 | 261,875 |

## 6. COST OF SALES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| Cost of inventories sold | 227,511 | 231,859 | 226,853 | 230,646 |
| Cost of completed property units sold | 1,596 | 822 | - | 107 |
| Property development costs | - | 10,565 | - | - |
| | 229,107 | 243,246 | 226,853 | 230,753 |

## 7. FINANCE COSTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest expense on: | | | | |
| Term loans | 502 | 325 | 502 | 325 |
| Bank overdrafts | 39 | 161 | 1 | 64 |
| Bankers' acceptances | 279 | 672 | 279 | 672 |
| Others | 46 | 60 | 46 | 60 |
| | 866 | 1,218 | 828 | 1,121 |

## 8. PROFIT BEFORE TAX

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Staff costs (including executive directors' remuneration): | | | | |
| - Wages, salaries and others | 30,457 | 25,755 | 28,193 | 23,472 |
| - Defined contribution plans | 2,623 | 2,192 | 2,408 | 1,973 |
| Depreciation of property, plant and equipment | 8,902 | 8,250 | 8,846 | 8,205 |
| Foreign exchange loss/(gain): | | | | |
| - Realised | 263 | (312) | 263 | (312) |
| - Unrealised | (33) | 244 | (33) | 244 |
| Impairment loss on trade receivables | - | 5 | - | 5 |
| Reversal of impairment loss on trade receivables | (5) | (2) | (5) | (2) |
| Bad debt written off | 8 | - | - | - |
| Audit fee | 139 | 134 | 76 | 69 |
| Property, plant and equipment: | | | | |
| - Gain on disposal | (152) | (82) | (153) | (82) |
| - Write-offs | 1,196 | 304 | 1,183 | 304 |
| Rental of premises | 762 | 548 | 281 | 243 |
| Rental of equipment | 230 | 193 | 230 | 187 |
| Interest income | (157) | (79) | (107) | (38) |
| Dividend income from a subsidiary | - | - | (522) | (204) |

### Directors' remuneration

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Directors' remuneration: | | | | |
| - Executive | | | | |
| Salaries, bonus and other emoluments | 2,620 | 2,234 | 1,975 | 1,448 |
| Defined contribution plan | 425 | 351 | 338 | 244 |
| - Non executive | | | | |
| Fees | 113 | 96 | 113 | 96 |
| Other emoluments | 139 | 150 | 139 | 150 |
| | 3,297 | 2,831 | 2,565 | 1,938 |

The estimated monetary value of benefits-in-kind received by the directors from the Group and the Company during the financial year amounted to RM46,000 (2011: RM36,000).

## 9. INCOME TAX EXPENSE

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current | | | | |
| - Malaysian tax | 7,809 | 3,149 | 7,716 | 2,232 |
| - Foreign tax | 460 | 557 | - | - |
| Under/(Over)provision in prior years | 257 | (41) | 256 | (17) |
| | 8,526 | 3,665 | 7,972 | 2,215 |
| Deferred tax (Note 15): | | | | |
| Current year | 452 | 861 | 525 | 849 |
| Overprovision in prior year | (77) | (5) | (76) | (5) |
| | 375 | 856 | 449 | 844 |
| | 8,901 | 4,521 | 8,421 | 3,059 |

A numerical reconciliation of income tax expense at the statutory income tax rate to tax expense at the effective income tax rate is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| Profit before tax | 33,921 | 25,277 | 32,602 | 20,005 |
| Tax at the statutory income tax rate of 25% (2011: 25%) | 8,480 | 6,319 | 8,151 | 5,001 |
| Effect of different tax rate of a subsidiary operating in other jurisdictions | 77 | 97 | - | - |
| Effects of tax incentives and income not subject to tax | | | | |
| - utilisation of reinvestment allowances | - | (2,078) | - | (2,078) |
| - tax exempt dividends from a subsidiary | - | - | (130) | (51) |
| - others | (57) | (52) | (57) | (52) |
| Effects of expenses not deductible in determining taxable profit | 304 | 263 | 277 | 261 |
| Share of an associate's tax | (83) | 18 | - | - |
| Overprovision of deferred tax in prior year | (77) | (5) | (76) | (5) |
| Under/(Over)provision of income tax expense in prior years | 257 | (41) | 256 | (17) |
| Income tax expense for the financial year | 8,901 | 4,521 | 8,421 | 3,059 |

As of December 31, 2012, the Company has tax exempt income amounting to RM26,122,000 (2011: RM40,876,000), consists of tax exempt income arising from reinvestment allowances claimed and utilised under schedule 7A of the Income Tax Act 1967, chargeable income waived in 1999 in accordance with Section 12 of the Income Tax (Amended) Act 1999, foreign dividend income remitted in accordance with Para 28(1), Schedule 6 of Income Tax Act 1967, and income derived from pioneer products during pioneer period in accordance with Section 23 of the Promotion of Investment Act 1986. These tax exempt income, which are subject to agreement of the tax authorities, are distributable as tax exempt dividends up to the same amount.

## 10. 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.

| | The Group | |
|---|---|---|
| | 2012 | 2011 (Restated) |
| Profit for the financial year attributable to owners of the Company (RM'000) | 24,641 | 20,075 |
| Weighted average number of ordinary shares in issue ('000) | | |
| Issued ordinary shares as of January 1 | 113,853 | 113,853 |
| Effect of treasury shares held | (512) | (953) |
| Weighted average number of ordinary shares as of December 31 | 113,341 | 112,900 |
| Basic earnings per ordinary share (sen) | 21.74 | 17.78 |

For comparative purpose, the earnings per ordinary share for the financial year ended December 31, 2011 had been adjusted to reflect the bonus issue of 1 for every 2 ordinary shares held by the entitled shareholders, par value RM1 each which was completed on September 10, 2012.

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

## 11. PROPERTY, PLANT AND EQUIPMENT

**The Group**

| Cost | Leasehold land RM'000 | Buildings RM'000 | Plant and machinery RM'000 | Motor vehicles RM'000 | Equipment, furniture, fixtures and fittings RM'000 | Construction-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **Balance as of January 1, 2011** | 7,036 | 22,468 | 124,317 | 3,710 | 5,311 | 1,094 | 163,936 |
| Additions | - | 3,139 | 15,900 | 571 | 1,113 | - | 20,723 |
| Disposals | - | (195) | (150) | (226) | (22) | - | (593) |
| Write-offs | - | (51) | (2,562) | (138) | (29) | - | (2,780) |
| Reclassification | - | 1,094 | - | - | - | (1,094) | - |
| Currency translation difference | - | - | 2 | 5 | 3 | - | 10 |
| **Balance as of December 31, 2011/ January 1, 2012** | 7,036 | 26,455 | 137,507 | 3,922 | 6,376 | - | 181,296 |
| Additions | **-** | **4,860** | **13,587** | **575** | **754** | **-** | **19,776** |
| Disposals | **-** | **-** | **(5,102)** | **(242)** | **(17)** | **-** | **(5,361)** |
| Write-offs | **-** | **(1,288)** | **(4,358)** | **-** | **(161)** | **-** | **(5,807)** |
| Currency translation difference | **-** | **-** | **(1)** | **(3)** | **(1)** | **-** | **(5)** |
| **Balance as of December 31, 2012** | **7,036** | **30,027** | **141,633** | **4,252** | **6,951** | **-** | **189,899** |

**The Group**

| Accumulated Depreciation | Leasehold land RM'000 | Buildings RM'000 | Plant and machinery RM'000 | Motor vehicles RM'000 | Equipment, furniture, fixtures and fittings RM'000 | Construction-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **Balance as of January 1, 2011** | 1,004 | 5,173 | 89,106 | 1,858 | 3,395 | - | 100,536 |
| Charge for the financial year | 74 | 475 | 6,685 | 573 | 443 | - | 8,250 |
| Disposals | - | (36) | (95) | (183) | (19) | - | (333) |
| Write-offs | - | (10) | (2,393) | (44) | (29) | - | (2,476) |
| Currency translation difference | - | - | 1 | 3 | 2 | - | 6 |
| **Balance as of December 31, 2011/ January 1, 2012** | 1,078 | 5,602 | 93,304 | 2,207 | 3,792 | - | 105,983 |
| Charge for the financial year | **74** | **555** | **7,101** | **603** | **569** | **-** | **8,902** |
| Disposals | **-** | **-** | **(5,040)** | **(208)** | **(12)** | **-** | **(5,260)** |
| Write-offs | **-** | **(331)** | **(4,140)** | **-** | **(140)** | **-** | **(4,611)** |
| Currency translation difference | **-** | **-** | **-** | **(1)** | **(1)** | **-** | **(2)** |
| **Balance as of December 31, 2012** | **1,152** | **5,826** | **91,225** | **2,601** | **4,208** | **-** | **105,012** |
| **Net Carrying Amount** | | | | | | | |
| **As of December 31, 2011** | 5,958 | 20,853 | 44,203 | 1,715 | 2,584 | - | 75,313 |
| **As of December 31, 2012** | **5,884** | **24,201** | **50,408** | **1,651** | **2,743** | **-** | **84,887** |

**The Company**

| Cost | Leasehold land RM'000 | Buildings RM'000 | Plant and machinery RM'000 | Motor vehicles RM'000 | Equipment, furniture, fixtures and fittings RM'000 | Construction-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **Balance as of January 1, 2011** | 7,036 | 22,468 | 124,218 | 3,508 | 5,199 | 1,094 | 163,523 |
| Additions | - | 3,139 | 15,887 | 571 | 1,113 | - | 20,710 |
| Disposals | - | (195) | (150) | (226) | (22) | - | (593) |
| Write-offs | - | (51) | (2,562) | (138) | (29) | - | (2,780) |
| Reclassification | - | 1,094 | - | - | - | (1,094) | - |
| **Balance as of December 31, 2011/ January 1, 2012** | 7,036 | 26,455 | 137,393 | 3,715 | 6,261 | - | 180,860 |
| Additions | **-** | **4,860** | **13,587** | **394** | **744** | **-** | **19,585** |
| Disposals | **-** | **-** | **(5,102)** | **(187)** | **(17)** | **-** | **(5,306)** |
| Write-offs | **-** | **(1,288)** | **(4,341)** | **-** | **(120)** | **-** | **(5,749)** |
| **Balance as of December 31, 2012** | **7,036** | **30,027** | **141,537** | **3,922** | **6,868** | **-** | **189,390** |

**The Company**

| Accumulated Depreciation | Leasehold land RM'000 | Buildings RM'000 | Plant and machinery RM'000 | Motor vehicles RM'000 | Equipment, furniture, fixtures and fittings RM'000 | Construction-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **Balance as of January 1, 2011** | 1,004 | 5,173 | 89,088 | 1,762 | 3,327 | - | 100,354 |
| Charge for the financial year | 74 | 475 | 6,672 | 547 | 437 | - | 8,205 |
| Disposals | - | (36) | (95) | (183) | (19) | - | (333) |
| Write-offs | - | (10) | (2,393) | (44) | (29) | - | (2,476) |
| **Balance as of December 31, 2011/ January 1, 2012** | 1,078 | 5,602 | 93,272 | 2,082 | 3,716 | - | 105,750 |
| Charge for the financial year | **74** | **555** | **7,091** | **565** | **561** | **-** | **8,846** |
| Disposals | **-** | **-** | **(5,040)** | **(187)** | **(12)** | **-** | **(5,239)** |
| Write-offs | **-** | **(331)** | **(4,133)** | **-** | **(102)** | **-** | **(4,566)** |
| **Balance as of December 31, 2012** | **1,152** | **5,826** | **91,190** | **2,460** | **4,163** | **-** | **104,791** |
| **Net Carrying Amount** | | | | | | | |
| **As of December 31, 2011** | 5,958 | 20,853 | 44,121 | 1,633 | 2,545 | - | 75,110 |
| **As of December 31, 2012** | **5,884** | **24,201** | **50,347** | **1,462** | **2,705** | **-** | **84,599** |

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

Included in property, plant and equipment of the Group and of the Company are fully depreciated property, plant and equipment with an aggregate cost of approximately RM53,874,000 (2011: RM59,563,000) and RM53,856,000 (2011: RM59,508,000) respectively, which are still in use as of December 31, 2012.

Motor vehicles of the Group and of the Company with aggregate net carrying amount of RM822,000 (2011: RM1,139,000) as of December 31, 2012 were acquired through finance lease.

## 12. LAND HELD FOR PROPERTY DEVELOPMENT

| The Group | Freehold land RM'000 | Leasehold land RM'000 | Property development costs RM'000 | Total RM'000 |
|---|---|---|---|---|
| **As of January 1, 2011** | 2,322 | - | 485 | 2,807 |
| Transfer from property development costs (Note 17) | - | 3,507 | 1,586 | 5,093 |
| **As of December 31, 2011/ January 1, 2012** | 2,322 | 3,507 | 2,071 | 7,900 |
| Addition during the financial year | - | - | 9 | 9 |
| Transfer to inventories (Note 16) | - | (3,507) | (1,595) | (5,102) |
| **As of December 31, 2012** | 2,322 | - | 485 | 2,807 |

## 13. INVESTMENTS IN SUBSIDIARIES

| | The Company 2012 RM'000 | The Company 2011 RM'000 |
|---|---|---|
| Unquoted shares - at cost | 7,199 | 2,000 |

Details of the direct subsidiaries are as follows:

| Name of companies | Country of incorporation | Effective percentage ownership 2012 | Effective percentage ownership 2011 | Principal activities |
|---|---|---|---|---|
| Daibochi Land Sdn. Bhd. | Malaysia | 100% | 100% | Property development |
| Daibochi Technology Sdn. Bhd. | Malaysia | 100% | 100% | Dormant |
| Daibochi Trading Sdn. Bhd. | Malaysia | 100% | 100% | Dormant |
| Daibochi Holdings Sdn. Bhd. | Malaysia | 100% | - | Dormant |
| Daibochi Australia Pty. Ltd. * | Australia | 100% | 51% | Importing and marketing of packaging materials |

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

### (a) Acquisition of non-controlling interests

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

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

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

### (b) Acquisition of a new wholly-owned subsidiary

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

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

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

# Denote RM2

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

## 14. INVESTMENT IN AN ASSOCIATE

| | The Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| Unquoted shares - at cost | **22,568** | 22,568 |
| Share of post-acquisition profit | **768** | 437 |
| | **23,336** | 23,005 |

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

| | The Group 2012 RM'000 | 2011 RM'000 |
|---|---|---|
| Share of net tangible assets - at fair value | **23,067** | 22,736 |
| Goodwill | **269** | 269 |
| | **23,336** | 23,005 |

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

| Name of companies | Effective percentage ownership 2012 | 2011 | Principal activities |
|---|---|---|---|
| Skyline Resources (M) Sdn. Bhd. * | **36.32%** | 36.32% | Property development |

* Associate not audited by Messrs SJ Grant Thornton.

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

| | 2012 RM'000 | 2011 RM'000 |
|---|---|---|
| **Assets and liabilities** | | |
| Current assets | **54,083** | 46,742 |
| Non-current assets | **34,163** | 46,476 |
| Total Assets | **88,246** | 93,218 |
| Current liabilities | **38,128** | 44,855 |
| Non-current liabilities | **11** | 12 |
| Total Liabilities | **38,139** | 44,867 |
| **Results** | | |
| Revenue | **18,427** | 20,883 |
| Profit for the financial year | **1,756** | 955 |

The Group's share of profit of the associate amounting to RM331,000 (2011: loss of RM72,000) is after taking into consideration the amount of RM307,000 (2011: RM419,000) being the realisation of the revaluation surplus arising from the revaluation of the associate's development land prior to the acquisition of the associate.

## 15. DEFERRED TAX ASSETS/(LIABILITIES)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deferred tax assets | 43 | 42 | - | - |
| Deferred tax liabilities | (7,224) | (6,847) | (7,922) | (7,473) |
| | (7,181) | (6,805) | (7,922) | (7,473) |
| As of January 1 | (6,805) | (5,949) | (7,473) | (6,629) |
| Currency translation difference | (1) | - | - | - |
| Recognised in profit or loss (Note 9) | (375) | (856) | (449) | (844) |
| As of December 31 | (7,181) | (6,805) | (7,922) | (7,473) |

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Deferred tax assets** | | | | |
| Others | 43 | 42 | - | - |
| **Deferred tax liabilities** | | | | |
| Property, plant and equipment | 8,450 | 7,927 | 8,450 | 7,927 |
| Others | (1,226) | (1,080) | (528) | (454) |
| | 7,224 | 6,847 | 7,922 | 7,473 |

## 16. INVENTORIES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Raw materials | 19,760 | 18,186 | 19,760 | 18,186 |
| Work-in-progress | 10,291 | 7,505 | 10,291 | 7,505 |
| Finished goods | 16,388 | 13,648 | 11,217 | 8,928 |
| Consumables | 1,553 | 1,613 | 1,553 | 1,613 |
| Completed property units | 2,365 | 3,960 | - | - |
| Transfer from land held for property development (Note 12) | 5,102 | - | - | - |
| | 55,459 | 44,912 | 42,821 | 36,232 |
| Recognised in profit or loss: | | | | |
| Inventories recognised as cost of sales | 165,815 | 177,661 | 166,351 | 178,238 |
| Inventories write-down | 1,383 | 874 | 1,186 | 724 |
| Reversal of inventories write-down | (878) | (1,244) | (752) | (1,244) |

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

## 17. PROPERTY DEVELOPMENT COSTS

Property development costs comprise the following:

| | The Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| As of January 1: | | |
| Leasehold land | - | 5,654 |
| Development costs | - | 3,782 |
| | - | 9,436 |
| Costs incurred during the financial year: | | |
| Leasehold land | - | - |
| Development costs | - | 6,222 |
| | - | 6,222 |
| Costs recognised as an expense: | | |
| Leasehold land | - | (2,147) |
| Development costs | - | (8,418) |
| | - | (10,565) |
| Transfer to land held for property development (Note 12): | | |
| Leasehold land | - | (3,507) |
| Development costs | - | (1,586) |
| | - | (5,093) |
| As of December 31: | | |
| Leasehold land | - | - |
| Development costs | - | - |
| | - | - |

## 18. TRADE AND OTHER RECEIVABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| Trade receivables | 56,929 | 63,686 | 50,613 | 50,460 |
| Less: Impairment loss | - | (5) | - | (5) |
| | 56,929 | 63,681 | 50,613 | 50,455 |
| Other receivables | 300 | 238 | 300 | 238 |
| Prepayments | 3,441 | 2,962 | 3,395 | 2,936 |
| Deposits | 239 | 225 | 127 | 110 |
| | 60,909 | 67,106 | 54,435 | 53,739 |

Of the trade receivables balance as of December 31, 2012, RM27,619,000 (2011: RM29,080,000) is due from the Group's and the Company's major customers. There are no other customers who represent more than 10% of the total balance of trade receivables.

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

Analysis of trade receivables as of the end of the reporting period was:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Neither past due nor impaired | 48,551 | 50,810 | 42,717 | 39,205 |
| Past due but not impaired: | | | | |
| 1 month | 6,424 | 11,184 | 6,244 | 10,316 |
| 2 months | 1,498 | 1,167 | 1,224 | 647 |
| 3 months | 327 | 347 | 327 | 136 |
| More than 3 months | 129 | 173 | 101 | 151 |
| | 8,378 | 12,871 | 7,896 | 11,250 |
| Individual impaired | - | 5 | - | 5 |
| Total trade receivables, gross | 56,929 | 63,686 | 50,613 | 50,460 |
| Less: Impairment loss | - | (5) | - | (5) |
| Total trade receivables, net | 56,929 | 63,681 | 50,613 | 50,455 |

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

The movement in the impairment loss account is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| As of January 1 | 5 | 111 | 5 | 2 |
| Impairment loss recognised for the financial year | - | 5 | - | 5 |
| Amounts written off during the financial year as uncollectible | - | (111) | - | - |
| Reversal during the financial year | (5) | (2) | (5) | (2) |
| Currency translation difference | - | 2 | - | - |
| As of December 31 | - | 5 | - | 5 |

Analysis of ageing of impaired trade receivables:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| More than 3 months | - | 5 | - | 5 |

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

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Ringgit Malaysia | 35,747 | 34,063 | 35,500 | 30,570 |
| United States Dollar | 15,009 | 19,890 | 15,009 | 19,890 |
| Australian Dollar | 6,069 | 9,733 | - | - |
| Thai Baht | 99 | - | 99 | - |
| Singapore Dollar | 5 | - | 5 | - |
| | 56,929 | 63,686 | 50,613 | 50,460 |

## 19. AMOUNTS RECEIVABLE FROM SUBSIDIARIES AND PAYABLE TO A SUBSIDIARY

Amounts receivable from subsidiaries/amount payable to a subsidiary, eliminated on consolidation, which arose mainly from trade transactions, advances and expenses paid on behalf are unsecured, interest free and repayable on demand, except for the trade transactions which are repayable within the normal trade terms of 90 days (2011: 90 days). The Company does not have any amount overdue from the subsidiary and accordingly, the analysis of ageing of past due but not impaired has not been presented.

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

| | The Company | |
|---|---|---|
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| Ringgit Malaysia | 23,045 | 28,026 |
| Australian Dollar | 8,855 | 10,442 |
| | 31,900 | 38,468 |

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

## 20. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

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

| | The Group and The Company | |
|---|---|---|
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| Foreign currency forward contracts: | | |
| Australian Dollar | 11 | (196) |
| | 11 | (196) |

## 21. SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Short-term deposits with a licensed bank | 2,668 | 1,781 | 1,386 | - |
| Housing Development Account with a licensed bank | 164 | 161 | - | - |
| Cash and bank balances | 4,618 | 8,468 | 4,567 | 7,522 |
| | 7,450 | 10,410 | 5,953 | 7,522 |

During the financial year, short-term deposits of the Group and of the Company with a licensed bank earn interest at rates ranging from 1.60% to 2.25% (2011: 1.40% to 1.60%) per annum and have maturity periods ranging from 1 to 7 days (2011: overnight maturity period).

The Housing Development Account is in accordance with Section 7(A) of the Housing Developers (Control & Licensing) Act 1966. This account, which consists of monies received from purchasers, is for the payment of property development costs incurred. The surplus monies, if any, will be released to the Group upon the completion of the property development project and after all property development costs have been fully settled.

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Ringgit Malaysia | 6,075 | 6,657 | 4,593 | 3,929 |
| United States Dollar | 1,360 | 3,593 | 1,360 | 3,593 |
| Australian Dollar | 15 | 160 | - | - |
| | 7,450 | 10,410 | 5,953 | 7,522 |

## 22. SHARE CAPITAL AND TREASURY SHARES

| | The Group and The Company | | | |
|---|---|---|---|---|
| | Number of ordinary shares of RM1 each | | Amount | |
| | 2012 | 2011 | 2012 | 2011 |
| | '000 | '000 | RM'000 | RM'000 |
| **Share capital** | | | | |
| **Authorised:** | | | | |
| As of January 1/December 31 | 200,000 | 200,000 | 200,000 | 200,000 |
| **Issued and fully paid:** | | | | |
| As of January 1 | 75,902 | 75,902 | 75,902 | 75,902 |
| Bonus shares | 37,951 | - | 37,951 | - |
| As of December 31 | 113,853 | 75,902 | 113,853 | 75,902 |
| **Treasury shares** | | | | |
| As of January 1 | | | (3,333) | (1,669) |
| Share buy-back | | | (2,369) | (4,517) |
| Disposal of treasury shares | | | 4,650 | 2,853 |
| As of December 31 | | | (1,052) | (3,333) |

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 913,400 (2011: 1,752,600) of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of the shares was RM2,369,595 (2011: RM4,517,174) including transaction costs and has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares was RM2.59 (2011: RM2.58). The Company had also disposed of 1,772,800 (2011: 1,100,000) treasury shares valued at RM2.81 (2011: RM2.60) for a total net consideration of RM4,979,363 (2011: RM2,854,638) in the open market, resulting in a surplus of RM329,134 (2011: RM1,523) which has been credited to the share premium account.

The Company held 416,300 (2011: 1,275,700) treasury shares out of its 113,852,496 (2011: 75,902,801) issued ordinary shares. The treasury shares are held in accordance with Section 67A of the Companies Act 1965 at a carrying amount of RM1,052,330 (2011: RM3,332,963).

## 23. RESERVES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| Non-distributable reserves: | | | | |
| Share premium | 2,687 | 2,358 | 2,687 | 2,358 |
| Translation reserve | 237 | 233 | - | - |
| Distributable reserve: | | | | |
| Retained earnings | 34,695 | 65,038 | 27,514 | 55,462 |
| | 37,619 | 67,629 | 30,201 | 57,820 |

### Share premium

| | The Group and The Company | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| As of January 1 | 2,358 | 2,356 |
| Disposal of treasury shares | 329 | 2 |
| As of December 31 | 2,687 | 2,358 |

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

### Translation reserve

| | The Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| As of January 1 | 233 | 180 |
| Exchange differences arising on translation of foreign operation | 4 | 53 |
| As of December 31 | 237 | 233 |

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

### Retained earnings

In accordance with the Finance Act 2007, the single tier income tax system became effective from the year of assessment 2008. Companies without Section 108 tax credit will automatically move to the new single tier income tax system on January 1, 2008 whilst companies with such tax credit are given an irrevocable option to elect for a switch to the new system during the transitional period of six years. All the companies will be in the new system on January 1, 2014. Under the new system, tax on profits of companies is a final tax and dividend distributed will be exempted from tax in the hands of the shareholders.

As of the end of the financial year, the Company has not opted to elect for a switch to the new system. Accordingly, as of December 31, 2012, subject to agreement with the tax authorities, and based on the prevailing tax rate applicable to dividend, there is sufficient Malaysian (Section 108) tax credit and tax-exempt income to frank the payment of net dividends of approximately RM40,431,000 out of its retained earnings as of December 31, 2012 without additional tax liabilities being incurred. Any dividend paid in excess of this amount will be under the single tier system.

## 24. TERM LOANS

| | The Group and The Company | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| Unsecured term loans | 12,089 | 11,814 |
| Less: Portion due within one year (included under current liabilities) | (5,541) | (4,182) |
| Non-current portion | 6,548 | 7,632 |

The non-current portion is repayable as follows:

| | The Group and The Company | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| Later than one year but not later than two years | 3,345 | 4,113 |
| Later than two years but not later than five years | 3,203 | 3,519 |
| | 6,548 | 7,632 |

The unsecured term loans of the Group and of the Company bear interest at effective interest rates ranging from 2.39% to 4.42% (2011: 3.94% to 4.41%) per annum and are repayable by 9 quarterly instalments to 60 monthly instalments (2011: 36 to 60 monthly instalments). The term loans of the Group and of the Company have a negative pledge over all the Company's assets.

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

| | The Group and The Company | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| Ringgit Malaysia | 10,554 | 11,814 |
| United States Dollar | 1,535 | - |
| | 12,089 | 11,814 |

## 25. FINANCE LEASE LIABILITIES

| | The Group and The Company | |
|---|---|---|
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| Total instalments outstanding | 818 | 1,135 |
| Less: Interest-in-suspense | (56) | (102) |
| Principal outstanding | 762 | 1,033 |
| Less: Portion due within one year (included under current liabilities) | (265) | (271) |
| Non-current portion | 497 | 762 |

The non-current portion is repayable as follows:

| | The Group and The Company | |
|---|---|---|
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| Later than one year but not later than two years | 279 | 265 |
| Later than two years but not later than five years | 218 | 497 |
| | 497 | 762 |

The finance lease liabilities of the Group and of the Company are repayable by 36 to 60 monthly instalments (2011: 36 to 60 monthly instalments). For the financial year ended December 31, 2012, the effective interest rates are 4.90% to 5.98% (2011: 4.84% to 7.02%) per annum. The rates are fixed at the inception of the finance lease arrangements.

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

## 26. TRADE AND OTHER PAYABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-current: | | | | |
| Provision | 60 | - | - | - |
| Current: | | | | |
| Trade payables | 30,992 | 32,416 | 30,430 | 31,140 |
| Other payables | 2,773 | 2,913 | 2,483 | 2,450 |
| Accrued expenses | 10,725 | 8,442 | 9,815 | 7,506 |
| Provisions | 47 | 112 | - | - |
| Deposits payable | 103 | 4 | 3 | 3 |
| | 44,640 | 43,887 | 42,731 | 41,099 |

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. Included in the Group's trade payables are retention sums payable to subcontractors amounting to RM256,000 (2011: RM416,000). The Group and the Company have financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

In 2011, included in accrued expenses of the Group is an amount of RM57,000 which is amount payable to an associate, Skyline Resources (M) Sdn. Bhd. arising from management fee as disclosed in Note 30 to the Financial Statements.

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

| | The Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| As of January 1 | 112 | 86 |
| Provisions made during the financial year | 161 | 24 |
| Utilised during the financial year | (85) | - |
| Payment made during the financial year | (80) | - |
| Currency translation difference | (1) | 2 |
| As of December 31 | 107 | 112 |

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| Ringgit Malaysia | 26,088 | 26,740 | 25,832 | 25,748 |
| United States Dollar | 4,452 | 5,258 | 4,452 | 5,258 |
| Australian Dollar | 306 | 284 | - | - |
| Other currencies | 146 | 134 | 146 | 134 |
| | 30,992 | 32,416 | 30,430 | 31,140 |

## 27. SHORT-TERM BORROWINGS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| Unsecured: | | | | |
| Bankers' acceptances | 14,562 | 20,499 | 14,562 | 20,499 |
| Bank overdrafts (Note 29) | 2,654 | 754 | 2,654 | 754 |
| | 17,216 | 21,253 | 17,216 | 21,253 |
| Secured: | | | | |
| Bank overdraft (Note 29) | - | 1,441 | - | - |
| | 17,216 | 22,694 | 17,216 | 21,253 |

During the financial year, interest on bank overdrafts and bankers' acceptances is chargeable at rates ranging from 0.80% to 8.70% (2011: 0.79% to 9.05%) per annum.

The Group's and the Company's credit facilities have a negative pledge over all its assets except for the bank overdraft facility of a subsidiary which is secured under a Standby Letter of Credit for Australian Dollar 500,000 (equivalent to RM1,597,000) (2011: RM1,614,000).

The currency exposure profile of short-term borrowings of the Group and of the Company is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| Ringgit Malaysia | 5,899 | 15,580 | 5,899 | 15,580 |
| United States Dollar | 11,317 | 5,673 | 11,317 | 5,673 |
| Australian Dollar | - | 1,441 | - | - |
| | 17,216 | 22,694 | 17,216 | 21,253 |

## 28. DIVIDENDS

| | The Group and The Company | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| Fourth interim tax exempt dividend for 2011 of 4.0%, paid on March 23, 2012 (2011: 3.5% tax exempt for 2010, paid on March 30, 2011) | 2,992 | 2,622 |
| First interim tax exempt dividend for 2012 of 3.5%, paid on June 8, 2012 (2011: 3.0% tax exempt, paid on June 10, 2011) | 2,654 | 2,239 |
| Second interim tax exempt dividend for 2012 of 6.0%, paid on September 7, 2012 (2011: 3.5% tax exempt, paid on September 14, 2011) | 4,554 | 2,630 |
| Third interim tax exempt dividend for 2012 of 3.5%, paid on December 7, 2012 (2011: 3.0% tax exempt, paid on December 8, 2011) | 3,978 | 2,243 |
| | 14,178 | 9,734 |

On February 21, 2013, the directors declared a fourth interim dividend of 3.5%, tax exempt, amounting to RM3,976,489 in respect of the financial year ended December 31, 2012 which will be paid on April 12, 2013. The financial statements do not reflect this dividend declared after December 31, 2012, which will be accounted for as an appropriation of retained earnings in the financial year ending December 31, 2013.

The directors do not recommend the payment of any final dividend in respect of the financial year ended December 31, 2012.

## 29. CASH AND CASH EQUIVALENTS

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Short-term deposits with a licensed bank (Note 21) | 2,668 | 1,781 | 1,386 | - |
| Housing Development Account with a licensed bank (Note 21) | 164 | 161 | - | - |
| Cash and bank balances (Note 21) | 4,618 | 8,468 | 4,567 | 7,522 |
| Bank overdrafts (Note 27) | (2,654) | (2,195) | (2,654) | (754) |
| | 4,796 | 8,215 | 3,299 | 6,768 |

## 30. RELATED PARTY TRANSACTIONS

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Subsidiaries** | | | | |
| Daibochi Australia Pty. Ltd. | | | | |
| - Sales of goods | - | - | 35,988 | 32,838 |
| - Dividend income (tax exempt) | - | - | 522 | 204 |
| Daibochi Land Sdn. Bhd. | | | | |
| - Sales of printing related job | - | - | 36 | - |
| **Associate** | | | | |
| Skyline Resources (M) Sdn. Bhd. * | | | | |
| - Management fee payable | - | 393 | - | - |

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Other related parties** | | | | |
| Unibic Australia Pty. Ltd. ^ | | | | |
| - Sales of goods | 217 | 3,610 | - | - |
| Modern Baking Pty. Ltd. ^ | | | | |
| - Sales of goods | 1,068 | - | - | - |
| Mitsupac Sdn. Bhd. * | | | | |
| - Sales of printing related job | 108 | - | 108 | - |
| **Directors** | | | | |
| James Edwin & Co.@ | | | | |
| - Legal fee | 24 | - | 24 | - |
| Moi, NK Koh & Chee # | | | | |
| - Legal fee | - | 247 | - | - |

* A company in which certain directors have substantial financial interest.
^ A company in which former director/(s) of a subsidiary has substantial financial interest.
@ A firm in which a director is a member for services rendered in a professional capacity.
\# A firm in which a former director was a member for services rendered in a professional capacity.

### Compensation of key management personnel

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Short-term employee benefits | 2,477 | 2,350 | 2,032 | 1,913 |
| Defined contribution plans | 327 | 325 | 300 | 297 |
| | 2,804 | 2,675 | 2,332 | 2,210 |

## 31. FINANCIAL INSTRUMENTS

### Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remain unchanged from 2011.

The capital structure of the Group and of the Company consists of total borrowings as detailed in Notes 24, 25 and 27 to the Financial Statements and equity of the Group and of the Company which are defined as issued capital, reserves, retained earnings and non-controlling interests as detailed in Notes 22 and 23 to the Financial Statements.

During the financial year, the Group's and the Company's strategy which was unchanged from 2011 was to maintain the gearing ratio within manageable levels. The gearing ratios as of December 31, 2012 and December 31, 2011 were as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Total borrowings (RM'000) | 30,067 | 35,541 | 30,067 | 34,100 |
| Total equity (RM'000) | 150,420 | 142,388 | 143,002 | 130,389 |
| Gearing ratios | 0.20 | 0.25 | 0.21 | 0.26 |

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

### Categories of Financial Instruments

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| **Financial assets** | | | | |
| Derivative financial assets | 11 | - | 11 | - |
| Loans and receivables: | | | | |
| Trade and other receivables | 57,229 | 63,919 | 50,913 | 50,693 |
| Deposits | 239 | 225 | 127 | 110 |
| Amounts receivable from subsidiaries | - | - | 31,900 | 38,468 |
| Short-term deposits, cash and bank balances | 7,450 | 10,410 | 5,953 | 7,522 |
| **Financial liabilities** | | | | |
| Derivative financial liabilities | - | 196 | - | 196 |
| Other financial liabilities measured at amortised cost: | | | | |
| Term loans | 12,089 | 11,814 | 12,089 | 11,814 |
| Finance lease liabilities | 762 | 1,033 | 762 | 1,033 |
| Short-term borrowings | 17,216 | 22,694 | 17,216 | 21,253 |
| Trade and other payables | 44,700 | 43,887 | 42,731 | 41,099 |
| Amount payable to a subsidiary | - | - | 394 | 394 |

### Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including market risk (including foreign currency risk and interest rate risk), credit risk, liquidity risk and cash flow risk. The Group and the Company have taken measures to minimise the Group's and the Company's exposure to risk and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

#### (a) Market risk

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

Market risk exposures are measured and supplemented by sensitivity analysis as disclosed in Notes 31(b) and 31(c) to the Financial Statements.

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

#### (b) Foreign currency risk

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

Foreign currency sensitivity analysis

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

| | Profit or loss | |
|---|---|---|
| | 2012 | 2011 |
| **The Group and The Company** | RM'000 | RM'000 |
| United States Dollar | 12 | (679) |
| Australian Dollar | (189) | (26) |
| Other currencies | 3 | (1) |
| | (174) | (706) |

Foreign currency forward contracts

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

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

| Outstanding contracts | Average exchange rate | Foreign currency FC'000 | Contract value RM'000 | Fair value RM'000 |
|---|---|---|---|---|
| **2012** | | | | |
| **Sell AUD** | | | | |
| - Less than 1 year | 3.180 | 1,600 | 5,088 | 5,077 |
| **2011** | | | | |
| **Sell AUD** | | | | |
| - Less than 1 year | 3.137 | 3,100 | 9,726 | 9,922 |

## (c) Interest rate risk

The Group and the Company are exposed to interest rate risk through the impact of rate changes on interest bearing term loans and short-term borrowings as disclosed in Notes 24 and 27 to the Financial Statements.

Interest rate sensitivity analysis

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| Increase/Decrease in profit or loss | 30 | 31 | 33 | 32 |

## (d) Credit risk

The Group's and the Company's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets are the carrying amounts as presented in the statements of financial position.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit.

Other than major customers as disclosed in Notes 18 and 33 to the Financial Statements, the Group has no significant concentration of credit risk with respect to trade receivables. The credit risk is further mitigated by the ongoing critical evaluation of the creditworthiness of the customers by the Company's Credit Committee.

### (e) Liquidity risk

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirements of working capital. Since liquidity risk is closely linked to credit risk, the previously mentioned credit risk control mechanism applies to the monitoring and managing of liquidity risk.

Analysis of financial liabilities by remaining contractual maturities

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

| | Carrying amount RM'000 | Contractual cash flow RM'000 | Less than 1 year RM'000 | 1 - 5 years RM'000 |
|---|---|---|---|---|
| **The Group** | | | | |
| **2012** | | | | |
| Term loans | **12,089** | **12,738** | **5,886** | **6,852** |
| Finance lease liabilities | **762** | **818** | **297** | **521** |
| Short-term borrowings | **17,216** | **17,262** | **17,262** | **-** |
| Trade and other payables | **44,700** | **44,700** | **44,640** | **60** |
| | **74,767** | **75,518** | **68,085** | **7,433** |
| **2011** | | | | |
| Derivative financial liabilities | 196 | 196 | 196 | - |
| Term loans | 11,814 | 12,556 | 4,566 | 7,990 |
| Finance lease liabilities | 1,033 | 1,135 | 317 | 818 |
| Short-term borrowings | 22,694 | 22,775 | 22,775 | - |
| Trade and other payables | 43,887 | 43,887 | 43,887 | - |
| | 79,624 | 80,549 | 71,741 | 8,808 |
| **The Company** | | | | |
| **2012** | | | | |
| Term loans | **12,089** | **12,738** | **5,886** | **6,852** |
| Finance lease liabilities | **762** | **818** | **297** | **521** |
| Short-term borrowings | **17,216** | **17,262** | **17,262** | **-** |
| Trade and other payables | **42,731** | **42,731** | **42,731** | **-** |
| Amount payable to a subsidiary | **394** | **394** | **394** | **-** |
| | **73,192** | **73,943** | **66,570** | **7,373** |
| **2011** | | | | |
| Derivative financial liabilities | 196 | 196 | 196 | - |
| Term loans | 11,814 | 12,556 | 4,566 | 7,990 |
| Finance lease liabilities | 1,033 | 1,135 | 317 | 818 |
| Short-term borrowings | 21,253 | 21,334 | 21,334 | - |
| Trade and other payables | 41,099 | 41,099 | 41,099 | - |
| Amount payable to a subsidiary | 394 | 394 | 394 | - |
| | 75,789 | 76,714 | 67,906 | 8,808 |

### (f) Cash flow risk

The Group and the Company review the cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

### (g) Fair values

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

| The Group and The Company | Note | Carrying Amount 2012 RM'000 | Carrying Amount 2011 RM'000 | Fair Value 2012 RM'000 | Fair Value 2011 RM'000 |
|---|---|---|---|---|---|
| **Financial liabilities** | | | | | |
| Term loans | 24 | 12,089 | 11,814 | 11,258 | 10,867 |
| Finance lease liabilities | 25 | 762 | 1,033 | 656 | 913 |

#### Term loans and finance lease liabilities

The fair values are estimated using discounted cash flow analysis based on the current borrowing rates for similar types of borrowing arrangements.

#### Non-current provision

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

#### Cash and cash equivalents, short-term borrowings, inter-company indebtedness, trade and other receivables, trade and other payables.

The carrying amounts approximate their fair values because of the short-term maturity of these instruments.

Fair value hierarchy

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

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

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

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

As of December 31, 2012, the Group and the Company held the following derivative financial instruments carried at fair values on the statements of financial position:

| The Group and The Company | 2012 Carrying amount RM'000 | 2012 Level 2 RM'000 | 2011 Carrying amount RM'000 | 2011 Level 2 RM'000 |
|---|---|---|---|---|
| Derivative financial instruments at fair value through profit or loss | | | | |
| - Derivative financial assets/(liabilities) | 11 | 11 | (196) | (196) |

## 32. CONTINGENT LIABILITIES - UNSECURED

As of December 31, 2012, the Company has issued a RM500,000 corporate guarantee (2011: RM8,500,000) and a Standby Letter of Credit for Australian Dollar 500,000 (equivalent to RM1,597,000) (2011: RM1,614,000) in respect of credit facilities granted by licensed banks to its subsidiaries. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities utilised by the subsidiaries.

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

## 33. SEGMENT REPORTING

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

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

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

### Segment Revenue and Results

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

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

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

### Segment Assets and Liabilities

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated costs represent common costs and expenses incurred in dormant subsidiaries. Segment assets consist primarily of property, plant and equipment, inventories, property development costs, operating receivables and cash, and mainly exclude investments, tax recoverable and deferred tax assets. Segment liabilities comprise operating liabilities and exclude items such as borrowings and current and deferred tax liabilities. Capital expenditure comprises additions to property, plant and equipment.

| 2012 | Packaging RM'000 | Property Development RM'000 | Eliminations RM'000 | The Group RM'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Segment assets | 231,310 | 12,027 | (31,849) | 211,488 |
| Investment in an associate | - | 23,336 | - | 23,336 |
| Unallocated assets | | | | 401 |
| Consolidated total assets | | | | 235,225 |
| **Liabilities** | | | | |
| Segment liabilities | 52,404 | 24,109 | (31,848) | 44,665 |
| Unallocated liabilities | | | | 40,140 |
| Consolidated total liabilities | | | | 84,805 |
| **2011** | | | | |
| **Assets** | | | | |
| Segment assets | 225,911 | 18,127 | (38,435) | 205,603 |
| Investment in an associate | - | 23,005 | - | 23,005 |
| Unallocated assets | | | | 682 |
| Consolidated total assets | | | | 229,290 |
| **Liabilities** | | | | |
| Segment liabilities | 52,625 | 29,893 | (38,435) | 44,083 |
| Unallocated liabilities | | | | 42,819 |
| Consolidated total liabilities | | | | 86,902 |

## Other Segment Information

| Other information | Packaging RM'000 | Property Development RM'000 | Eliminations RM'000 | The Group RM'000 |
|---|---|---|---|---|
| **2012** | | | | |
| Capital additions | 19,776 | - | - | 19,776 |
| Depreciation of property, plant and equipment | 8,902 | - | - | 8,902 |
| Interest income | 112 | 45 | - | 157 |
| **2011** | | | | |
| Capital additions | 20,723 | - | - | 20,723 |
| Depreciation of property, plant and equipment | 8,250 | - | - | 8,250 |
| Interest income | 45 | 34 | - | 79 |

### Geographical Information

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

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

| | The Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| **Revenue** | | |
| Malaysia | 237,500 | 245,122 |
| Australia | 41,252 | 39,107 |
| | 278,752 | 284,229 |
| **Non-current assets*** | | |
| Malaysia | 87,407 | 83,011 |
| Australia | 287 | 202 |
| | 87,694 | 83,213 |

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

### Information about major customers

Revenue from two major customers from the packaging segment of the Group amounted to RM131,702,000 (2011: RM128,239,000). For the purposes of this disclosure, a major customer is defined as one in which revenue from transactions with a single customer amounts to 10% or more of the Group's revenue.

## 34. COMMITMENTS

### (a) Capital commitments

As of December 31, 2012, the Group and the Company have the following capital commitments in respect of the purchase of property, plant and equipment:

| | The Group and The Company | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| Authorised and contracted for | 6,201 | 7,464 |
| Authorised but not contracted for | 10,586 | 5,175 |

### (b) Lease commitments

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

| | The Group and The Company Future Minimum Lease Payments 2012 RM'000 | 2011 RM'000 |
|---|---|---|
| Future minimum lease payment payables: | | |
| Not later than 1 year | 148 | 181 |
| Later than 1 year but not later than 2 years | 13 | 156 |
| Later than 2 years but not later than 5 years | - | 13 |
| | 161 | 350 |

Operating lease commitment is in respect of premises. The lease is negotiated for a term of 2 years (2011: 4 years).

## 35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

### (a) Acquisition of non-controlling interests

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

### (b) Acquisition of a new wholly-owned subsidiary

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

## 36. EVENT AFTER THE FINANCIAL YEAR

The Company has on February 8, 2013 entered into a Sale and Purchase Agreement with Z Essence Sdn. Bhd. (Company No. 278663-K) for the acquisition of 3 contiguous plots of vacant freehold industrial land held under Grant 19629, Lot 3533, Grant 19630, Lot 3532 and Grant 19631, Lot 3531, Mukim Jasin, Daerah Jasin, Melaka ("the Property") for the total purchase consideration of RM2,735,908 or RM12 per square feet. Upon acquisition, the Company proposes to immediately commence with its expansion plan to construct a new manufacturing facility on the Property. The construction of the new manufacturing facility will facilitate the expansion of the Company's in-house film making and metallising operations to meet current and future needs, in tandem with the growing demand from our existing and potential customers.

## 37. COMPARATIVE FIGURES

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

| The Group | As previously reported RM'000 | Reclassification adjustments RM'000 | As restated RM'000 |
|---|---|---|---|
| **Statements of comprehensive income** | | | |
| Other income | 2,483 | 603 | 3,086 |
| Selling and distribution costs | (7,678) | (603) | (8,281) |
| **Statements of financial position** | | | |
| Current assets<br>- Trade and other receivables | 65,873 | 1,233 | 67,106 |
| Current liabilities<br>- Trade and other payables | 42,654 | 1,233 | 43,887 |
| **Statements of cash flows** | | | |
| Cash flows from operating activities<br>- Interest received | - | 47 | 47 |
| Cash flows from/(used in) investing activities<br>- Interest received | 79 | (47) | 32 |

| The Company | As previously reported RM'000 | Reclassification adjustments RM'000 | As restated RM'000 |
|---|---|---|---|
| **Statements of comprehensive income** | | | |
| Other income | 2,633 | 603 | 3,236 |
| Selling and distribution costs | (6,996) | (603) | (7,599) |
| **Statements of financial position** | | | |
| Current assets<br>- Trade and other receivables | 52,506 | 1,233 | 53,739 |
| Current liabilities<br>- Trade and other payables | 39,866 | 1,233 | 41,099 |
| **Statements of cash flows** | | | |
| Cash flows from operating activities<br>- Interest received | - | 8 | 8 |
| Cash flows from/(used in) investing activities<br>- Interest received | 38 | (8) | 30 |

(b) The comparative information was not audited by Messrs SJ Grant Thornton.

# Supplementary Information - Disclosure On Realised And Unrealised Profits Or Losses

The breakdown of retained earnings of the Group and of the Company as at the reporting date, into realised and unrealised profits or losses, pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Securities Berhad Listing Requirements, are as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| Total retained earnings: | | | | |
| - Realised | 47,243 | 74,069 | 33,691 | 61,143 |
| - Unrealised | (6,143) | (5,620) | (6,177) | (5,681) |
| | 41,100 | 68,449 | 27,514 | 55,462 |
| Total share of retained earnings from an associate: | | | | |
| - Realised | 767 | 436 | - | - |
| - Unrealised | 1 | 1 | - | - |
| | 41,868 | 68,886 | 27,514 | 55,462 |
| Less: Consolidation adjustments | (7,173) | (3,848) | - | - |
| Total retained earnings | 34,695 | 65,038 | 27,514 | 55,462 |

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

# Statement By Directors

The directors of **DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD.** state that, in their opinion, the financial statements are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2012 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 101 which is not part of the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

**P. JAMES EDWIN A/L LOUIS PUSHPARATNAM** **DATUK WONG SOON LIM**

Melaka
April 4, 2013

# 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 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 4th day of April, 2013.

Before me,

**ONG SAN KEE**
**COMMISSIONER FOR OATHS**

# Statement Of Shareholdings *AS AT APRIL 1, 2013*

## SHAREHOLDINGS

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

## ANALYSIS OF SHAREHOLDINGS

| | Shareholders | | No. of Shares Held | |
|---|---|---|---|---|
| Size of shareholdings | No. | %* | No. | %* |
| less than 100 | 218 | 8.26 | 10,414 | 0.01 |
| 100 - 1,000 | 241 | 9.13 | 109,092 | 0.10 |
| 1,001 - 10,000 | 1,542 | 58.43 | 6,774,442 | 5.96 |
| 10,001 - 100,000 | 554 | 21.00 | 15,125,692 | 13.32 |
| 100,001 to less than 5% of issued shares | 82 | 3.11 | 76,728,510 | 67.55 |
| 5% and above of issued shares | 2 | 0.07 | 14,838,646 | 13.06 |
| Total | 2,639 | 100.00 | 113,586,796 | 100.00 |

## SUBSTANTIAL SHAREHOLDERS

| | No. of shares | | |
|---|---|---|---|
| Name | Direct | Deemed** | % of issued shares* |
| Low Chan Tian | 7,442,580 | 2,655,840 | 8.89 |
| Lim Koy Peng | 8,620,146 | - | 7.59 |
| Datuk Wong Soon Lim | 6,679,009 | 339,450 | 6.18 |
| HSBC Nominees (Asing) Sdn Bhd<br>- HSBC-FS I for Apollo Asia Fund Ltd | 6,218,500 | - | 5.47 |

## DIRECTORS' SHAREHOLDINGS

| | No. of shares | | |
|---|---|---|---|
| Name | Direct | Deemed** | % of issued shares* |
| Low Chan Tian | 7,442,580 | 2,655,840 | 8.89 |
| Datuk Wong Soon Lim | 6,679,009 | 339,450 | 6.18 |
| Low Geoff Jin Wei | 4,532,420 | - | 3.99 |
| Lim Soo Koon | 180,000 | - | 0.16 |
| P. James Edwin A/L Louis Pushparatnam | 9,420 | - | 0.01 |
| Heng Fu Joe | 40,500 | - | 0.04 |
| Caroline Ang Choo Bee | 6,000 | 27,000 | 0.03 |

* *Excluding a total of 265,700 shares bought back by the Company and retained as treasury shares.*
** *Deemed interest through spouse*

## THIRTY LARGEST SHAREHOLDERS

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

| No. | Name | No. of shares | % of issued shares* |
|---|---|---|---|
| 1 | Lim Koy Peng | 8,620,146 | 7.59 |
| 2 | HSBC Nominees (Asing) Sdn Bhd<br>- HSBC-FS I for Apollo Asia Fund Ltd | 6,218,500 | 5.48 |
| 3 | Datin Teh Kim Hong | 5,578,771 | 4.91 |
| 4 | CIMB Group Nominees (Tempatan) Sdn Bhd - Yulina Binti Baharuddin | 4,608,000 | 4.06 |
| 5 | Low Geoff Jin Wei | 4,532,420 | 3.99 |
| 6 | Amanahraya Trustees Berhad - Public Islamic Select Treasures Fund | 4,478,250 | 3.94 |
| 7 | Low Chan Tian | 4,353,480 | 3.83 |
| 8 | Chew Soon Heng | 3,518,622 | 3.10 |
| 9 | Chua Tiang Kim | 3,123,720 | 2.75 |
| 10 | Low Chan Tian | 3,089,100 | 2.72 |
| 11 | Datuk Wong Soon Lim | 3,067,009 | 2.70 |
| 12 | Cimsec Nominees (Tempatan) Sdn Bhd<br>- Bank of Singapore Ltd for Wong Soon Lim | 3,000,000 | 2.64 |
| 13 | Amanahraya Trustees Berhad - Public Islamic Opportunities Fund | 2,842,850 | 2.50 |
| 14 | HSBC Nominees (Asing) Sdn Bhd KBL Euro PB For Halley Sicav<br>- Halley Asian Prosperity | 2,770,000 | 2.44 |
| 15 | Low Kim Foong | 2,655,840 | 2.34 |
| 16 | HSBC Nominees (Asing) Sdn Bhd - HSBC-FS for Floreat Fund Ltd. | 2,062,100 | 1.82 |
| 17 | Goh Thong Beng | 2,022,000 | 1.78 |
| 18 | HSBC Nominees (Asing) Sdn Bhd Exempt AN for Morgan Stanley & Co. International PLC (IPB Client Acct.) | 1,983,300 | 1.75 |
| 19 | Public Invest Nominees (Tempatan) Sdn Bhd<br>- Wong Yoke Fong @ Wong Nyok Fing (M) | 1,727,700 | 1.52 |
| 20 | Cimsec Nominees (Tempatan) Sdn Bhd<br>- CIMB Bank for Mak Tian Meng (MY0343) | 1,389,600 | 1.22 |
| 21 | Lim Say Chong | 1,183,500 | 1.04 |
| 22 | Tan Booi Charn | 1,050,000 | 0.92 |
| 23 | Lim Keat Sear | 1,047,600 | 0.92 |
| 24 | Citigroup Nominees (Tempatan) Sdn Bhd<br>- Cheong Siew Chyuan (470322) | 750,000 | 0.66 |
| 25 | Citigroup Nominees (Tempatan) Sdn Bhd<br>- Employees Provident Fund Board (F Templeton) | 715,200 | 0.63 |
| 26 | Chew Gee Lan | 695,999 | 0.61 |
| 27 | Kenanga Nominees (Tempatan) Sdn Bhd - Mak Tian Meng | 658,200 | 0.58 |
| 28 | CIMB Group Nominees (Tempatan) Sdn Bhd - Wong Soon Lim | 612,000 | 0.54 |
| 29 | Citigroup Nominees (Tempatan) Sdn Bhd<br>- Allianz Life Insurance Malaysia Berhad (MEF) | 611,300 | 0.54 |
| 30 | Tan Booi Charn | 600,000 | 0.53 |
| | Total | 79,565,207 | 70.05 |

** Excluding a total of 265,700 shares bought back by the Company and retained as treasury shares.*

# List Of Properties

| Location | Description | Age of buildings | Area | Tenure | Date of acquisition | Net carrying amount as of December 31, 2012 RM'000 |
|---|---|---|---|---|---|---|
| Lot 7, Air Keroh Industrial Estate, Phase IV, 75450 Melaka | Factory buildings | 2 buildings - 20 years<br>3 buildings - 19 years<br>1 building - 18 years<br>1 building - 17 years | 2.692 hectares | Leasehold expiring on 24.05.2091 | 29.10.1991 | 11,500 |
| Lot 3, Air Keroh Industrial Estate, Phase IV, 75450 Melaka | Factory buildings | 1 building - 20 years<br>2 buildings - 17 years<br>1 building - 15 years<br>1 building - 13 years<br>1 building - 12 years<br>1 building - 8 years | 2.062 hectares | Leasehold expiring on 24.05.2091 | 03.07.1995 | 8,817 |
| PT 2598, Mukim of Bukit Baru, 75450 Melaka | Warehouse cum office building | 1 building - 19 years<br>1 building - 2 year | 0.834 hectares | Leasehold expiring on 11.05.2094 | 24.05.2004 | 3,884 |
| GM 28, Lot 271 & 275, Mukim of Bertam, 75250 Melaka | Land and development costs | - | 0.956 hectares | Freehold | 30.09.2002 | 2,807 |
| | | | | | | 27,008 |

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# Form Of Proxy

| CDS account no. of authorised nominee | |
|---|---|

I/We.......................................................................................................(FULL NAME IN BLOCK LETTERS)

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

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

being a member(s) of **DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD**, hereby appoint ........................................................................................................(FULL NAME IN BLOCK LETTERS )

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

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

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

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

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

or failing him/her THE CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us on my/our behalf at the Fortieth Annual General Meeting ("AGM") of the Company, to be held at Bunga Melati Room, Level 7, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Thursday, May 23, 2013 at 11.30 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below.

| AGENDA | | | |
|---|---|---|---|
| 1. To receive the Audited Financial Statements of the Company for the financial year ended December 31, 2012 together with the reports of the Directors and Auditors thereon | | | |
| **ORDINARY BUSINESS** | | **FOR** | **AGAINST** |
| 2. Approval of Directors' fees | Resolution 1 | | |
| 3. Re-election of Director under Article 103 - Mr Low Chan Tian | Resolution 2 | | |
| 4. Re-election of Director under Article 103 - Datuk Wong Soon Lim | Resolution 3 | | |
| 5. Re-election of Director under Article 94 - Ms Caroline Ang Choo Bee | Resolution 4 | | |
| 6. To appoint retiring Auditors, Messrs S.J. Grant Thornton | Resolution 5 | | |
| **SPECIAL BUSINESS** | | **FOR** | **AGAINST** |
| 7. 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 | | |
| 8. Authority for Directors to allot shares pursuant to Section 132D of the Companies Act, 1965 | Resolution 7 | | |
| 9. 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

Number of shares held: ______________________

Contact No. : ______________________

Date: ______________________

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

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

NOTES: -

1. For the purpose of determining a member who shall be entitled to attend this 40th 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 15, 2013. Only a depositor whose name appears on the Record of Depositors as at May 15, 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
2. A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
4. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing. If the appointor is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its officer or duly authorised attorney.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company, Kompleks Daibochi Plastic, Lot 3 & 7 Air Keroh Industrial Estate, Phase IV, 75450 Melaka not less than forty-eight (48) hours before the time appointed for holding the meeting.

Fold this flap for sealing

Then fold here

**AFFIX STAMP**


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


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Daibochi Plastic And Packaging
Industry Bhd (12994-W)

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