

BP PLASTICS HOLDING BHD (644902-V)



2009
ANNUAL REPORT



The Quality
You Can Trust



ANNUAL REPORT 2009

BP PLASTICS HOLDING BHD (644902-V)
5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading
83300 Batu Pahat, Johor Darul Takzim, Malaysia
Tel : 607 455 7633 Fax : 607 455 7699

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 南源塑膠控股有限公司
BP PLASTICS HOLDING BHD
(644902-V)
BPPLAS

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BPPLAS Vision and Mission

VISION

To be the plastics packaging specialist of choice in Asian Region

MISSION

To produce reliable and high quality packaging products for industries

BPPLAS is a Polyethylene Film and Bag manufacturer. We specialize in stretch, and shrink films that are used to protect and enhance palletized goods product safety handling in warehousing and transportation. BPPLAS also produce various premier qualities flat polyethylene film for printing, lamination, surface protective film, air cargoes packaging film, builder film and various customized polyethylene bag targeted for different industrial packaging application to improve packaging integrity and/or shelf life.

Corporate Data

BOARD OF DIRECTORS

Lim Chun Yow
Chairman and Managing Director

Hey Shiow Hoe
Executive Director

Koh Chin Koon
Independent Non-Executive Director

Tan See Khim
Executive Director

Boo Chin Liong
Independent Non-Executive Director

Lim Kim Hock
Independent Non-Executive Director

COMPANY SECRETARY

Teo Soon Mei (MAICSA 7018590)

Share Registrar

Securities Services (Holdings) Sdn Bhd (36869-T)

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 03-2084 9000
Fax : 03-2094 9940

Registered Office

5A Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim
Tel : 07-455 7633
Fax : 07-455 7699
Email: enquiry@bpplas.com

Head/Management Office

5A Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim
Tel : 07-455 7633
Fax : 07-455 7699
Email: enquiry@bpplas.com

Website

www.bpplas.com

Auditors

Ernst & Young (AF 0039) Chartered Accountants

Lot 1, 6th Floor
Menara Pertama, Jalan BBP 2
Taman Batu Berendam Putra
Batu Berendam, 75350 Melaka
Tel : 06-336 2399
Fax : 06-336 2899

Stock Exchange Listing

BPPLAS (5100)
Main Market of the Bursa Malaysia
Securities Berhad
(Listed on 23rd February, 2005)

Principal Bankers

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
Overseas-Chinese Banking
Corporation Limited
OCBC Bank (Malaysia) Berhad

Audit Committee

- Koh Chin Koon (Chairman)
Independent Non-Executive Director
- Boo Chin Liong (Member)
Independent Non-Executive Director
- Lim Kim Hock (Member)
Independent Non-Executive Director

Nomination Committee

- Boo Chin Liong (Chairman)
Independent Non-Executive Director
- Koh Chin Koon (Member)
Independent Non-Executive Director
- Lim Kim Hock (Member)
Independent Non-Executive Director

Remuneration Committee

- Lim Kim Hock (Chairman)
Independent Non-Executive Director
- Koh Chin Koon (Member)
Independent Non-Executive Director
- Hey Shiow Hoe (Member)
Executive Director
- Boo Chin Liong (Member)
Independent Non-Executive Director

Employees' Share Option Scheme ("ESOS") Committee

- Lim Chun Yow (Chairman)
Chairman and Managing Director
- Tan See Khim (Member)
Executive Director
- Hey Shiow Hoe (Member)
Executive Director
- Gavin Tan Siau Hui (Member)
Administration Manager

Risk Management Committee

- Hey Shiow Hoe (Chairman)
Executive Director
- Tan See Khim (Member)
Executive Director
- Gavin Tan Siau Hui (Member)
Administration Manager
- Lee Kuan Hock (Member)
Finance Manager
- Foo See Boon (Member)
Operation Manager
- Eric Chiam (Member)
Maintenance Manager
- Tay Peh Hwee (Member)
Plant Manager
- Koh Chu How (Member)
Marketing Manager

Investor Relations

- Mr. Lim Chun Yow (Chairman/
Managing Director)
Tel : 07-4557633
Fax : 07-4556799
Email : IR@bpplas.com

Corporate Structure



南源塑膠控股有限公司
BP PLASTICS HOLDING BHD
 (644902-V)

100%

BP PLASTICS SDN BHD
 (COMPANY NO: 221104-W)



100%

BP PACKAGING SDN BHD
 (COMPANY NO: 540196-U)

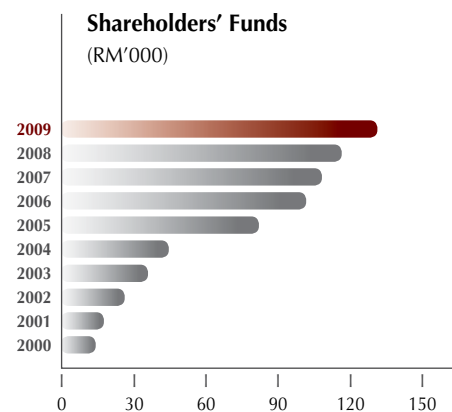
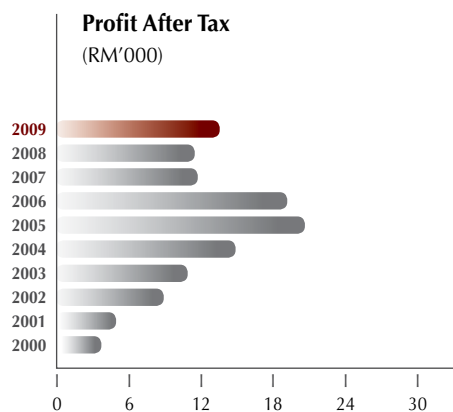
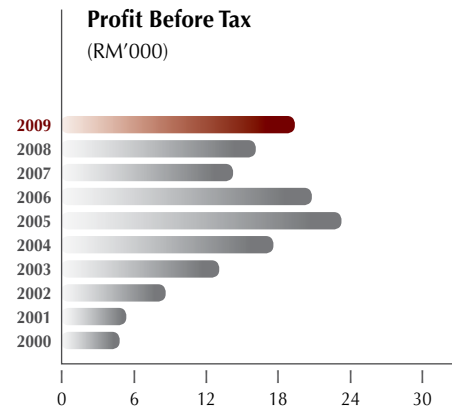
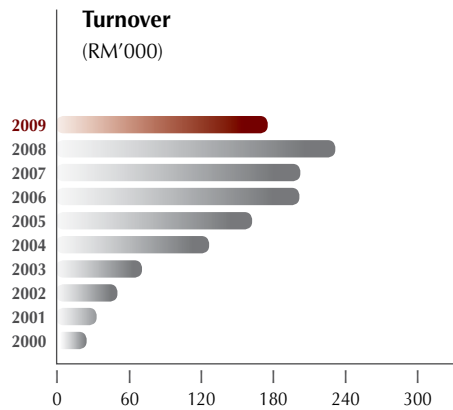
Corporate Profile

BP Plastics Holding Bhd, an investment holding and provision of management services company was incorporated in Malaysia under the Companies Act, 1965 on 9 March, 2004.

The principal activities of its subsidiaries are as follows:-

Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
BP Plastics Sdn Bhd (Company No: 221104-W)	18 July, 1991/ Malaysia	100	Manufacturing
BP Packaging Sdn Bhd (Company No: 540196-U)	23 February, 2001/ Malaysia	100	Trading

Past Years Financial Highlights



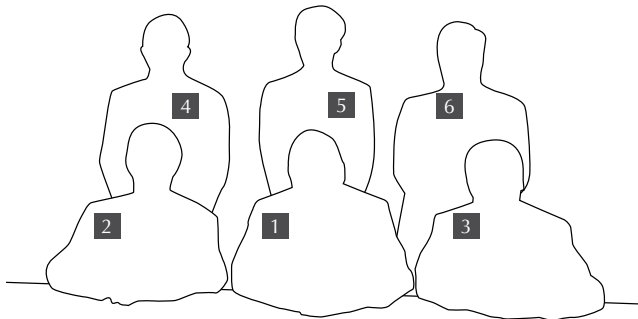
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	24,669	33,922	47,718	64,903	122,051	160,457	200,154	204,789	233,488	175,219
EBITDA	5,738	8,163	11,172	15,303	21,389	27,488	26,582	19,888	22,544	26,234
Profit Before Tax	4,776	5,679	8,860	12,924	17,880	23,384	20,962	14,031	16,073	19,486
Profit After Tax	3,952	4,718	7,800	10,666	14,712	20,468	19,045	11,839	11,729	15,615
Shareholders' Funds	13,661	18,379	25,758	35,925	46,473	83,873	102,857	108,692	116,817	131,656
ROE	28.93%	29.45%	35.34%	34.58%	35.71%	31.41%	20.40%	11.19%	10.40%	12.56%
Non Current Asset	20,238	19,970	21,049	36,325	37,543	64,158	67,598	72,074	67,217	70,392
ROA	19.53%	23.63%	37.06%	29.36%	39.19%	31.90%	28.17%	16.43%	17.45%	22.18%
EPS *	3.29	3.93	6.50	8.89	12.26	17.06	15.86	9.86	6.51	8.67
Net Div (sen)	na	na	na	na	na	7	5	3	2	3 [#]
NTA PS (RM)	na	na	na	na	0.57	0.72	0.86	0.91	0.65	0.73

* based on 120 Million shares for 2000 to 2005, 120.08 Million shares for 2006 to 2007 and 180.12 Million shares for 2008 and 2009

2009 dividend is subject to approval from forthcoming AGM

Note : The financial figures for 2000 to 2004 are prepared based on proforma consolidated basis on the assumption that the current structure of the Group has been in existence since the financial year ended 31 December 2000

Board of Directors



- 1 Mr Lim Chun Yow
- 2 Mr Boo Chin Liong
- 3 Mr Tan See Khim
- 4 Mr Koh Chin Koon
- 5 Mr Lim Kim Hock
- 6 Mr Hey Shioh Hoe

Board of Directors (Cont'd)



AGE
47

NATIONALITY
Malaysian

POSITION IN THE COMPANY
Chairman and Managing Director

QUALIFICATION
Holds a degree in Bachelor of Science in Business Administration from The Ohio State University, United State of America in 1985.

WORKING EXPERIENCE
He started his career as the Sales and Marketing Executive with a plastic bag manufacturer in 1986 after graduation from a University in USA. In 1990, he set up a business with two co-founders of BP Plastics. He was appointed as the

Chairman and Managing Director of the Company on 23rd November, 2005 and 3rd September, 2004 respectively. He also sits on the board for several private limited companies.

OTHER DIRECTORSHIP OF PUBLIC COMPANIES
None

DETAILS OF ANY BOARD COMMITTEE TO WHICH HE BELONGS
He is the Chairman of the ESOS Committee of the Company

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
6/6



AGE
46

NATIONALITY
Malaysian

POSITION IN THE COMPANY
Executive Director

QUALIFICATION
Holds a Certificate in Senior Middle Three from Chung Hwa High School in Muar in 1982.

WORKING EXPERIENCE
He was appointed as an Executive Director of the Company on 3rd September, 2004. He is a co-founder of BP Plastics Sdn Bhd. He was involved in the sales, trading, marketing, distribution, resource planning and training in consumer products in between 1983 and 1990, prior to the establishment of BP Plastics Sdn Bhd in

1991. His experience and knowledge in sales have been very instrumental towards the growth of the Company. He also sits on the board for several private limited companies.

OTHER DIRECTORSHIP OF PUBLIC COMPANIES
None

DETAILS OF ANY BOARD COMMITTEE TO WHICH HE BELONGS
He is a member of the ESOS and the Risk Management Committees of the Company.

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
6/6

Board of Directors (Cont'd)

**AGE**

47

NATIONALITY

Malaysian

POSITION IN THE COMPANY

Executive Director

QUALIFICATION

Holds a degree in Bachelor of Science in Industrial and Systems Engineering from The Ohio State University, United State of America in 1986.

WORKING EXPERIENCE

He was appointed as an Executive Director of the Company on 3rd September, 2004. He is a co-founder of BP Plastics Sdn Bhd. He started his career in a plastic manufacturing company upon his graduation in 1986. He was responsible for the strategic planning and total management of the manufacturing operations, infrastructure upgrading and

development, technical improvement and support to the production team ever since the business set up of BP Plastics Sdn Bhd. He has also been appointed as the Management Representative in maintaining the ISO 9001:2000 Quality Management System of BP Plastics Sdn Bhd. He also sits on the board for several private limited companies.

OTHER DIRECTORSHIP OF PUBLIC COMPANIES

None

DETAILS OF ANY BOARD COMMITTEE TO WHICH HE BELONGS

He is a member of the Remuneration and the ESOS Committees of the Company. He is also the Chairman of the Risk Management Committee of the Company.

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

6/6

**AGE**

49

NATIONALITY

Malaysian

POSITION IN THE COMPANY

Independent Non-Executive Director

QUALIFICATION

Holds a Bachelor of Law (Honours) degree from the University of Malaya in 1985 and was called to Bar in 1986.

WORKING EXPERIENCE

He was appointed as an Independent Non-Executive Director of the Company on 3rd September, 2004. He is an advocate and solicitor and has been in active legal practice since 1986. He is a founding partner of Messrs. C. L. Boo & Associates. He also sits on the board for several private limited companies.

OTHER DIRECTORSHIP OF PUBLIC COMPANIES

He sits on the board of Changhuat Corporation Bhd and Poh Huat Resources Holdings Bhd, companies all listed on Bursa Malaysia Securities Berhad

DETAILS OF ANY BOARD COMMITTEE TO WHICH HE BELONGS

He is the Chairman of the Nomination Committee of the Company. He also is the member of the Audit and the Remuneration Committees of the Company.

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

6/6

Board of Directors (Cont'd)



KOH CHIN KOON

AGE
40

NATIONALITY
Malaysian

POSITION IN THE COMPANY
Independent Non-Executive Director

QUALIFICATION

Holds a Bachelor Degree of Accounting (Hon) from University of Malaya in 1995 and joined Malaysia Institute of Accountants (MIA) and Malaysia Institute of Taxation (MIT) in 1999 and 2000 respectively.

WORKING EXPERIENCE

He was appointed as an Independent Non-Executive Director of the Company on 3rd September, 2004. He was employed by Arthur Andersen & Co (Malacca Branch) as a Tax Assistant after he completed his Bachelor Degree and promoted as Tax Experience Senior during the employment. He left Arthur Andersen & Co and joined Chin & Co as a Tax Manager in 2000. After obtained a wide range of experience from his last employment involved in advising clients including private companies, public listed companies and government organizations, he set up Koh & Siow Management Services in 2001. He is also an approved tax agent under section 153(3)(b) pursuant to Income

Tax Act, 1967 by Ministry of Finance since 2001. He also sits on the board for several private limited companies.

OTHER DIRECTORSHIP OF PUBLIC COMPANIES

He is an Independent Non-Executive Director of Impressive Edge Group Berhad, a company listed on the Bursa Malaysia Securities Berhad for ACE Market. He is also the Independent Non-Executive Director of SKPResources Bhd, a company listed on the Bursa Malaysia Securities Berhad.

DETAILS OF ANY BOARD COMMITTEE TO WHICH HE BELONGS

He is a member of the Remuneration and the Nomination Committees of the Company. He is also the Chairman of the Audit Committee of the Company.

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
6/6



LIM KIM HOCK

AGE
44

NATIONALITY
Malaysian

POSITION IN COMPANY
Independent Non-Executive Director

QUALIFICATIONS

Member of the Malaysian Institute of Accountants, Member of the Malaysian Institute of Taxation; and Member of the Institute of Chartered Accountants in England and Wales (ICAEW). He holds a Bachelor Degree in Accountancy in the United Kingdom in 1988 and Chartered Accountancy (Institute of Chartered Accountants in England and Wales) qualification in 1992.

WORKING EXPERIENCE

He started his articleship at Garners, Chartered Accountants, United Kingdom in 1988 until 1992. He joined Price Waterhouse in 1992 and was promoted to the position of Senior Consultant before he left the firm 3 years later to head the Finance Division of a subsidiary of Arab-Malaysian Development Berhad. Subsequently, he joined the Rashid Hussain Berhad Group and his employment stint with the group included a 2½ years overseas posting as the Director and Head of Finance and Administration for the group's subsidiary in Indonesia prior to joining Xian Leng

Holdings Berhad as a Director from 2000 to 2006. He is currently in public practice as a Chartered Accountant and the Managing Director of Alliance Corporate Taxation Services Sdn. Bhd., a tax advisory and consulting company. He also sits on the Board for several private limited companies.

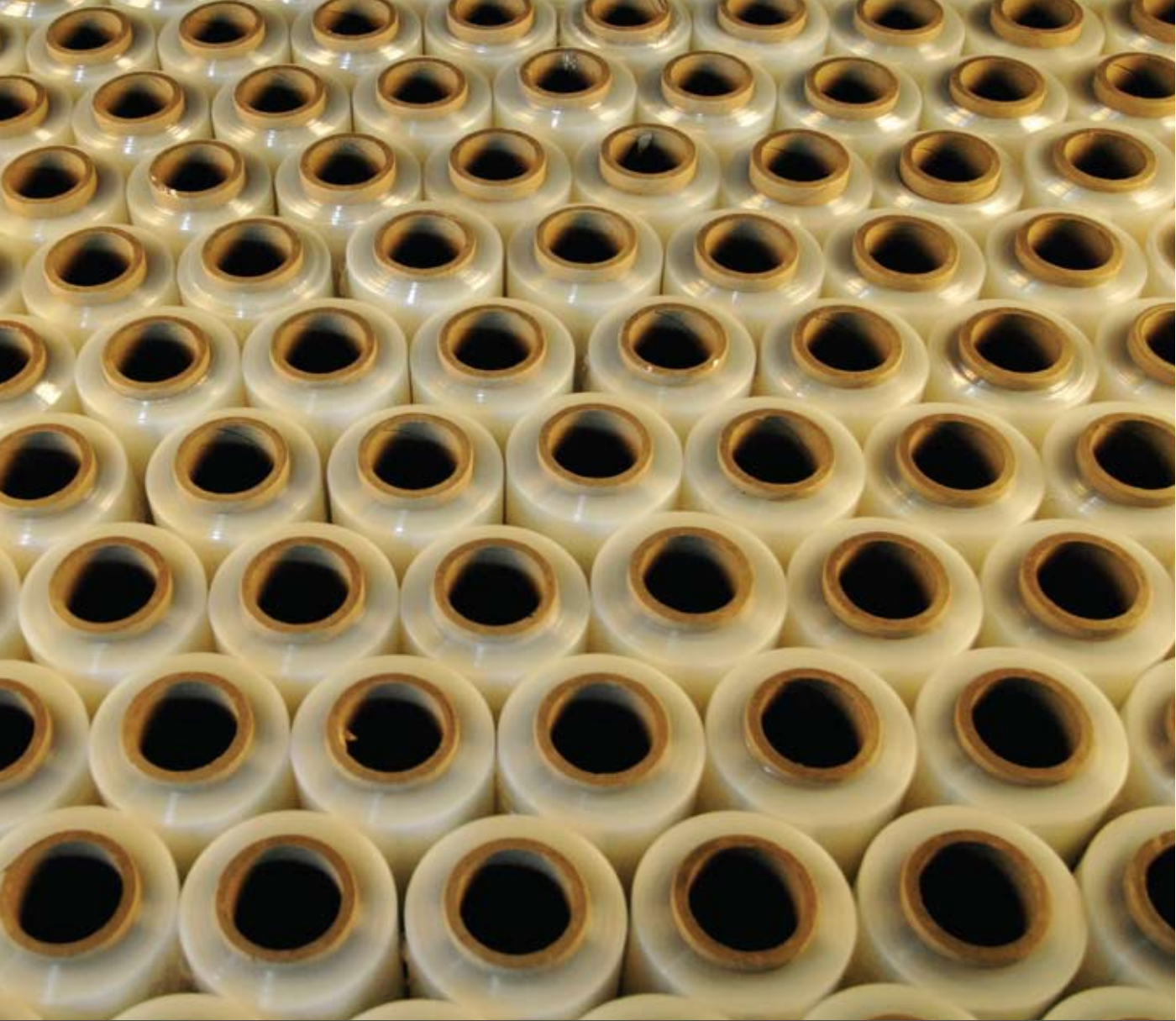
OTHER DIRECTORSHIP OF PUBLIC COMPANIES

He sits on the Board of Xian Leng Holdings Berhad, a company listed on Bursa Malaysia Securities Berhad.

DETAILS OF ANY BOARD COMMITTEE

He is a member of the Audit and the Nomination Committees of the Company. He is also the Chairman of the Remuneration Committee of the Company.

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
6/6



Setting New Strategic Standards



Bursa Securities Listing Requirements Compliance Information

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

FAMILY RELATIONSHIP WITH THE DIRECTOR AND SUBSTANTIAL SHAREHOLDERS

Mr. Tan See Khim and Mr. Lim Chun Yow are brother-in-law of Hey Shiow Hoe. They are the directors and substantial shareholders of the Company. Mr. Lim Chun Yow, Mr. Tan See Khim and Mr. Hey Shiow Hoe are also the directors and substantial shareholders of LG Capital Sdn Bhd, the substantial shareholder of the Company.

Save as disclosed above, none of the Directors of the Company has any relationship with any directors or substantial shareholders of the Company.

SHARE BUY-BACK

During the financial year the company had not purchased any of its own shares nor resold or cancelled any of the treasury shares held by the Company. The shares bought back and retained as treasury shares in the previous year amounted to 5,000 shares at an average price of RM0.41 per share.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were issued by BPPLAS or exercised during the financial year ended 31 December 2009, other than the forfeiture of options (due to employee resignations) under BP Plastics Holding Bhd Employees Share Option Scheme as disclosed in Note 21 to the financial statements.

On 6 April 2010, a second allocation of up to 3,083,000 ESOS options were granted to eligible employees and directors at an exercise price of RM0.62 per share based on the last 5 market days weighted average price without discount given.

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)

During the financial year, the Group did not sponsor any ADR or GDR programmes.

SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Group and its subsidiaries, Directors, or management by any regulatory bodies during the financial year ended 31 December 2009.

NON-AUDIT FEES

The amount of non-audit fee paid external auditors by the Group for the financial year ended 31 December, 2009 amounted to RM17,000.

VARIATION IN RESULTS

There were no variances of 10% or more between the audited results and the unaudited results of the Group for the financial year ended 31 December 2009.

PROFIT GUARANTEE

There were no profit guarantees given by the Company and its subsidiary companies during the financial year ended 31 December 2009.

Bursa Securities Listing Requirements Compliance Information (Cont'd)

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest, either subsisting at the end of the financial year ended 31 December 2009 or, if not then subsisting entered into since the end of the previous financial year.

REVALUATION POLICY ON LANDED PROPERTIES

The Company has adopted a regular revaluation policy on landed properties. Revaluation is made at least once in every five (5) years based on a valuation by an independent valuer on an open market value basis. Subsequent to the initial revaluation on 26 January 2004, an independent valuation of the Group's land and buildings was performed by Messrs Colliers, Jordan Lee and Jaafar (JH) Sdn Bhd on 31 December 2009 to determine the fair value of the land and buildings. The valuation, which conforms to International Valuation Standards, was determined by reference to open market values based on existing use bases.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE NATURE

There were no material recurrent related party transactions of a revenue nature during the year other than those disclosed in Note 28 to the financial statements.

CONVICTION FOR OFFENCES

None of the Directors has been convicted for any offences within the past ten (10) years other than traffic offences, if any.

CONFLICT OF INTERESTS

Save as disclosed below, none of directors and substantial shareholders of the Company are engaged in any existing and potential related party transactions and conflict of interest in relation to the corporation and its related parties. The related party transactions, which may or may not result in conflicts of interest, are transactions entered into by the Company and its subsidiaries which involve the interest, direct or indirect, of a related party:-

- a) During the financial year ended 31 December, 2009, BP Plastics Sdn Bhd, the subsidiary of the Company purchased printing materials amounting to approximately RM2,800/- from Libraprint & Advertising, a company in which Mr. Hey Shiow Hoe's brother has an interest.
- b) Pursuant to a written agreement dated 1 September, 2004 between BP Plastics Sdn Bhd and Madam Hey Sio Tong ("HST"), the spouse of Mr. Tan See Khim, BP Plastics Sdn Bhd had paid a monthly rental of RM1,100/- to HST for the purposes of renting an apartment bearing the postal address A-05-04, Vista Komanwel, Bukit Jalil, 57000 Kuala Lumpur and measuring approximately 1,422 square feet.

SHAREHOLDINGS IN THE COMPANY

The direct and indirect interests in shares in the Company for those who were directors at the end of the financial year according to the Register of Directors' shareholdings are set out in the Directors' Report, page 37 of the Annual Report.

Chairman's Statement

Dear Shareholders of BP Plastics Holding Bhd,

Amidst the continuing dampened global demand especially in the early half of 2009, BPPLAS had charted yet another set of steady and impressive operating result for FY2009.

On behalf of our Board of Directors, I am pleased to present our Annual Report together with the Audited Financial Statements for the year ended 31 December, 2009 (FY 2009).

FINANCIAL PERFORMANCE

The BPPLAS Group recorded lower revenue of RM175.2 million in FY2009 compared to revenue of RM233.4 million in FY2008. Nevertheless we recorded a higher profit before tax of RM19.5 million as compared to profit before tax of RM16 million in FY2008.

The significant reduction of revenue by 25% was mainly due to sluggish demand and depressed pricing brought about by the sudden collapse of global commodity prices in the 4th Qtr of 2008. The after effects of the financial tsunami which caused widespread economic recession and high unemployment in most major markets. Coupled with the poor purchasing power and lower industrial production output have compelled many durable and non food related consumer goods producers to revise their production plan to normalize their over hanged inventory stock in 1st Qtr 2009, which contributed to a reduction of demand for polyethylene packaging film products during 1st H 2009.

However, with the huge quantum of fiscal stimulus packages which were injected into the respective G20 economies after the April 2009 summit and the prime pumping of the global financial system, the credit crunch showed signs of easing, leading to a higher confidence level in the economy. Demand for polyethylene film packaging therefore gradually recovered and improved from 2nd Qtr, 2009.

Nevertheless, with the lower raw material input cost, better product mix and higher operating efficiency level, the Group was able to achieve an improved operating result for FY2009. Higher profit before tax of RM19.5 million was achieved in FY2009, an increase of 21.8% compared to RM16 million in 2008. In addition, the effective tax rate in FY2009 was 19.8%, compared to 27% in FY2008, resulting in higher profit after tax of RM15.6 million in FY2009 as compared to RM11.7 million in FY2008.

EPS improved to 8.67 Sen in FY2009 from 6.51 Sen in FY2008.

Chairman's Statement (Cont'd)

DIVIDEND

The board has proposed a first and final tax exempt dividend of 3 sen per share, totaling RM 5,403,473 or 6% per share for the year ended 31 December 2009 (2 sen per share totaling RM 3,602,315 or 4% per share for FY2008) subject to the approval of the shareholders in the forthcoming 6th Annual General Meeting (AGM). The proposed dividend represents 34.6% of the profit after tax for FY2009, which is consistent with the Group's target to distribute 20% to 40% of its profit after tax to reward the shareholders for their continuous support.

CORPORATE GOVERNANCE

With the continuous good corporate governance adherence we believe BPPLAS would further sustain and enhance long term shareholders' value and interest, the Board of Directors have the pivotal role of guiding the management to proactively anticipate potential business risks and ensuring proper internal controls are in place for all major processes. The Group's quality management system (QMS), environmental health and safety (EHS) programs, and internal control procedures are constantly reviewed and audited by outsourced internal auditors to identify areas for improvement. Our practices are benchmark against global good corporate governance and best practices. Detailed information can be obtained from the Group's Corporate Governance Statement.

OUTLOOK AND PROSPECTS

As the global recession shows signs of abatement specifically by the 3rd Qtr 2009 and with the positive news of business recovery subsequently being reported worldwide, the demand for plastic packaging products, particularly for Stretch and Shrink Films (widely used to unitize, secure and protect palletized products) is expected to steadily improve. The main drivers for the packaging materials market growth can be derived from new market adoption and free market implementation of the ASEAN Free Trade Zones, more bilateral free trade agreements sealed between Malaysia and Korea, Japan, Pakistan and the various multilateral agreements by ASEAN countries with Australia and New Zealand, China and India.

To capitalize on the opportunities presented by such increasing market and in line with the Group's aspiration to move up the value chain to be The Packaging Specialist of Choice in Asia Region, another 3-layer Co-extrusion Blown Film equipment with German origin was purchased and the equipment was successfully installed and commissioned for commercial production in 2009. The additional capacity was timely for the Group to manage its different product mixes and allow the Group to take on bigger orders with shorter delivery lead time. The additional investment will strengthen the Group's Blown film capacity as a key polyethylene film manufacturer in Malaysia, supplementing the Group's strategy to cross sell various products to our customers.

From the Bank Negara 2009 report, Malaysia has officially recovered from the recession in the 4th Quarter of 2009. The impressive 4.5% GDP growth reported narrowed the Malaysian economy's contraction to only -1.7% GDP in FY2009 compared to the earlier forecast of -2% to -3% GDP growth rate. The positive economic recovery momentum shall remain robust going into 2010 since Malaysian manufacturers are allowed to participate in the bigger market of an estimated 500 million people in ASEAN and expanding the trade opportunities to other free trade markets in China, India, Pakistan, Korea, Japan and Australasia.

From the recent World Bank's January data, global GDP is expected to grow at a rate of 3.9% in 2010 and 4.3% in 2011 and Bank Negara's forecast of 4.5 to 5.5% GDP growth for Malaysia in 2010, the Group is cautiously optimistic that positive and stronger global economic recovery shall induce a more robust packaging material demand consumption. However, as the prices of raw materials input remain volatile, product margin erosion is a constant challenge. Furthermore, the 0.25% OPR rate hike by Bank Negara to normalize interest rates on 4th March 2010 following the rates hikes of 0.25% by Reserve Bank of Australia (RBA) and India's central bankers' indicates potential impending inflationary pressure in Asia. To counter the fast changing business environment, the Group shall endeavor to continue to improve the internal processes to further enhance the group competitiveness to drive revenue growth and keep improving from the current performance.

Chairman's Statement (Cont'd)

“ From the recent World Bank's January data, global GDP is expected to grow at a rate of 3.9% in 2010 and 4.3% in 2011 and Bank Negara's forecast of 4.5 to 5.5% GDP growth for Malaysia in 2010, the Group is cautiously optimistic that positive and stronger global economic recovery shall induce a more robust packaging material demand consumption. ”

CORPORATE DEVELOPMENT

- 1) The 1st grant of employees share options which expired on 15 February 2010, was proposed to be extended for another (5) five years (expiring on 13 February 2015) and was formally adopted by the Board at a duly convened meeting, with the option price revised from the previous RM1.20 to RM0.80 per option share.
- 2) A 2nd grant of employees share options was offered on 6 April 2010 to eligible employees and Directors of the Group at the option price of RM0.62 per option share based on the last 5 (five) market days weighted average price without discount given.

CORPORATE RESPONSIBILITY

Human capital development has always been the strategic theme of our corporate responsibility. During the year, training and development objectives were set to improve the skills and competency of our employees within the organization. To encourage the proliferation of the concept of continuous education, BPPLAS has been the sponsors of various teachers' enriching training programs in vernacular schools in Batu Pahat, with the objective of cultivating quality students for future talent pool which will form the backbone of a sustainable knowledge based economy.

Environmental caring should not be the sole responsibility of the plastic industry. Positive influence of caring for the environment should be embedded into the education system and right behavior modification should start from young. To proliferate the 3 Rs concept of "Reduce, Reuse and Recycle", 3 Rs recycle bins were donated to a local vernacular school as the pilot project. The same idea was proposed to MPMA Johor Branch, 3R recycle bins was distributed by MPMA Johor Branch to 39 schools in Johor state.

The Group actively supports the government initiatives by allowing unemployed graduates to do practical training and on-going co-op practical training programs within the organization for final year university students to gain real world working experience before entering into the job market.

APPRECIATION

I wish to thank the Board of directors, management team and members of the staff for their dedication and commitment in delivering a good set of corporate results in spite of an extremely challenging year. On behalf of the Board and management, we would also like to thank our customers and trading partners for their unwavering trust, professionalism, loyalty and commitment in helping to grow our business and lastly to the shareholders for their continued support.

Yours sincerely,

CY LIM
Chariman/ CEO

Corporate Governance Statement

Pursuant to Paragraph 15.25 of the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market

The Board of Directors (the “Board”) of BP Plastics Holding Bhd (“BPPLAS”) is committed to ensure that corporate governance is practised throughout BPPLAS and its subsidiary companies (the “Group”) in directing and managing the Group’s businesses and affairs as a fundamental part of discharging its responsibility and to enhance the business prosperity to support the continuous growth of the Group as a long-term commitment to its shareholders and investors.

Set out below is a statement of how the Group has applied the Principles, and the extent of its compliance with Best Practices of the Malaysia Code on Corporate Governance (Revised 2007) (the “Code”) pursuant to paragraph 15.25 of the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market (the “Listing Requirements”).

A. Board of Directors

1. Board Composition and Board Balance

The Board is composed, as at the date of this Statement, of six (6) Directors, three (3) of whom are Independent Non-Executive Directors. More than one-third of the Board comprises Independent Non-Executive Directors, thereby bringing independent and objective judgment to facilitate a balanced leadership in the Group as well as to provide for effective checks to safeguard the interest of the minority shareholders and other stakeholders in ensuring high standards of conduct and integrity are maintained. Whilst Mr. Lim Chun Yow, Mr. Tan See Khim and Mr. Hey Shiow Hoe represent the interests of the largest shareholders of the Company, the investment of remaining shareholders are fairly reflected in the Board’s representation. The mix represents appropriately the respective size of investment by shareholders.

Mr. Lim Chun Yow, who is the Chairman and Managing Director, and the two (2) Executive Directors, namely Mr. Tan See Khim and Mr. Hey Shiow Hoe, are founders of the Company and each of them have more than 20 years of expertise and experience in the plastic packaging business, particularly the bags, sacks and film section. The extensive experience and depth of knowledge in plastic packaging industry from the three founders have enhanced their role as Executive Directors of the Company. The other three Independent Non-Executive Directors are professionals in their own right with wide-ranging experience, skills and expertise in audit, accounting, taxation, corporate finance and legal. The three (3) Independent Non-Executive Directors are not engaged in the daily operations and management of the Company, nor involved in any other relationship with the Company, apart from being Directors. This ensures that the Independent Non-Executive Directors remain free of conflict of interest situations and facilitate them to carry out their roles and responsibilities as Independent Directors effectively. The Independent Non-Executive Directors through their varied experiences and qualifications provide effective contribution and support to the functions of the Board. The members of the Board are persons of calibre and integrity, and they possess the necessary qualifications, experience and qualities that enable them to perform their duties effectively. The profile of each member of the Board is set out on pages 5 to 7 of this Annual Report.

2. Board Responsibilities

The Board is responsible for the overall corporate governance of the Group. The Board retains full and effective control in the Company and its overall responsibilities, as stated in the Company’s board manual, focus on strategic directions, planning and execution of the Company’s objectives as well as monitoring of Management’s performance in implementing them. It is the responsibility of the Board, in all decisions, to conscientiously weigh the interests of the Company’s shareholders, investors and all other stakeholders and to consider the effects of decisions in the interests of all shareholders. In leading the Company and Group, the Board also has the duty to act in the best interest of the Company and the Group at all times.

Corporate Governance Statement (Cont'd)

A. Board of Directors (cont'd)

2. Board Responsibilities (cont'd)

Mr. Lim Chun Yow, who is the Chairman cum Managing Director of the Company, leads the Board assisted by two (2) Executive Directors of the Company. He successfully led the Group over the past 20 years to transformed the Group into a plastics packaging specialist in Asian Region. The Board is aware of the dual role held and has decided that Mr. Lim Chun Yow will continue to hold the dual role in recognition of his contribution which has transformed the Group into a plastics packaging specialist in Asian Region. Besides, the Board has established the Company's board manual has set out the distinct and separate roles for the Chairman and the Managing Director of the Company. Each has a clear accepted division of responsibilities in the Company's board manual. There is also a clear demarcation of responsibilities between the roles of the Managing Director and the Executive Director to ensure a balance in both authority and power. The Chairman is primarily responsible for matters pertaining to the Board and the overall conduct and performance of the Company. The Managing Director, together with the Executive Directors of the Company, oversees the running of the Group and implementation of the Board's decisions, business strategies, and policies. The three Independent Directors by virtue of their roles and responsibilities, in effect represent minority shareholders' interests. The Independent Non-Executive Directors engage proactively with Management and with both the external and internal auditors to address matters concerning the management and oversight of the Group's business and operations.

Due to the relatively small size of the Group, the current size and composition of the Board is optimum and well balanced, and caters effectively to the scope of the Group's operations. The Board does not intend to appoint an Independent Chairman to the Board. It has appointed Mr. Boo Chin Liong as the senior Independent Non-Executive Director to facilitate communications of any stakeholders concerns where it could not be dealt with by the Managing Director or the Executive Directors.

The Board has also delegated certain responsibilities to other Board Committees which operate within clearly defined terms of reference. Standing Committees of the Board comprise the Audit Committee (see Report on Audit Committee set out on pages 26 to 30), the Remuneration Committee, the Nomination Committee, the Risk Management Committee and the Employees' Share Option Scheme ("ESOS") Committee.

3. Attendance of Board Meetings

Board meetings for the ensuing financial year are scheduled in advance before the end of each financial year so as to enable Directors to plan ahead and fit the year's Board meetings into their own schedule. Board meetings are scheduled at quarterly intervals with additional meetings held when necessary.

Board meetings are conducted by a structured formal agenda. The Board Meeting agenda includes reviews on various aspects of the Group's operation, financial performance, business plan, strategic decisions, any major investment, the findings from both the external and internal auditors and any other proposals or other significant matters that require the expeditious direction of the Board. The Board members deliberate, and in the process, assess the viability of business propositions and corporate proposals and the principal risks that may have significant impact on the Group's business or its financial position, and the mitigating factors. Special Board meetings are convened when warranted by situations such as to deliberate urgent proposals or matters that require the expeditious direction of the Board.

The Board meetings are chaired by the Chairman, Mr. Lim Chun Yow, who has the responsibility of ensuring that each of the agenda items is adequately reviewed and thoroughly deliberated within a reasonable timeframe.

Corporate Governance Statement (Cont'd)

A. Board of Directors (cont'd)

3. Attendance of Board Meetings (cont'd)

In 2009, the Board held six meetings and the date and time of the Board of Directors' Meeting were as follows:-

Date of the Board Meeting	Time
20 February 2009	1100
24 March 2009	0930
14 April 2009	1100
26 May 2009	1100
19 August 2009	1100
11 November 2009	1100

The details of the Directors' attendance at these Board Meetings in 2009 were as follows:-

Board of Director	Total no. of meetings held in 2009	No. of Meetings Attended
Lim Chun Yow	6	6
Tan See Khim	6	6
Hey Shiow Hoe	6	6
Boo Chin Liong	6	6
Koh Chin Koon	6	6
Lim Kim Hock	6	6

The Directors remain fully committed and dedicated as reflected by their full attendance at Board meetings held during the financial year ended 31 December 2009.

4. Supply of Information and Access to Advice

All Board members are provided with relevant information of the Company and the Group to enable them to carry out their duties effectively as Directors. A full set of Board papers for each agenda including financial reports and notices are promptly communicated prior to the Board Meetings. This is to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or the Company, or to consult independent advisers, if they deem necessary. As part of the integrated risk management initiatives, the Board also notes the decisions and salient issues deliberated by Board Committees through minutes of these committees.

The Directors have a duty to declare immediately to the Board should they have any interest in transactions to be entered into directly or indirectly with the Company or the Group. The interested Directors would serve notice to the Board and thereupon abstain from deliberations and decisions of the Board on the transaction. In the event a corporate proposal is required to be approved by shareholders, the interested Directors would also abstain from voting in respect of their shareholdings relating to corporate proposal, and would further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

Corporate Governance Statement (Cont'd)

A. Board of Directors (cont'd)

4. Supply of Information and Access to Advice (cont'd)

Minutes of each Board meeting are circulated to all Directors at least 7 days before the Board meeting for their perusal prior to confirmation of the minutes at the commencement of the Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation as a correct record of proceedings of the Board.

Senior Management may be invited to attend any Board meetings to provide views and explanations on certain agenda being tabled to the Board, and to furnish clarification on issues that may be raised by the Directors. The Directors have direct access to Senior Management and has complete and unimpeded access information relating to the Group in the discharge of their duties. The Directors also have the liberty to engage independent professional advice if necessary at the Company's expense. Every Board member has ready and unrestricted access to the advice and the services of the Company Secretary in ensuring the effective functioning of the Board. The Directors are also regularly updated and advised by the Company Secretary on new statutory and regulatory requirements issued by regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretary serves notice to Directors on the closed period for trading the Company's shares, in accordance with the black-out period stated in Chapter 14 on Dealings in Securities of the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market.

The Company Secretary attends and ensures that all Board meetings are properly convened, and that an accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company.

5. Appointment to the Board

The Nomination Committee was formed on 4 May, 2005. The Nomination Committee will review and assess the proposed appointment of Directors, and thereupon recommends to the Board for approval. However, the Board makes all decisions on appointments after considering those recommendations. Nomination Committee would also ensure that the Board has an appropriate balance of expertise and ability. Another objective of this Committee is to assess the effectiveness of the Board as a whole and the contribution of each individual director on an on-going basis. The Nomination Committee will review annually the required mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board, identify areas for improvement, and review the succession plan for senior management in the Group.

Other responsibilities of this Committee are clearly defined in the terms of reference of the Nomination Committee. The Nomination Committee of the Company is comprised entirely of Independent Non-Executive Directors and its composition is as follows:-

Members	Designation	Responsibility
Mr. Boo Chin Liang	Independent Non-Executive Director	Chairman
Mr. Koh Chin Koon	Independent Non-Executive Director	Member
Mr. Lim Kim Hock	Independent Non-Executive Director	Member

Corporate Governance Statement (Cont'd)

A. Board of Directors (cont'd)

5. Appointment to the Board (cont'd)

The Nomination Committee upon its recent annual review carried out, is satisfied the current board make-up. They are also satisfied that the existing composition of the Board is optimum and well balanced, caters effectively to the scope of the Group's operation and there is appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board. As presently constituted, the Board has the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively. The Nomination Committee is also satisfied that all the members of the Board are suitably qualified to hold their positions as Directors of the Company in view of their respective academic and professional qualifications, experience and qualities. The Nomination Committee had also reviewed the Board members' directorship in companies other than BP Plastics Holding Bhd Group; the number of directorships held are well within the restriction of not more than 10 directorships in public listed companies and not more than 15 directorships in non-public listed companies as stated in the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market. The Nomination Committee also through its recent annual review to assess the composition of all the Board Committees of the Company and the effectiveness of the Board Committees of the Company. The Nomination Committee is satisfied with the composition of each Board Committees and their performance.

The Directors have direct access to the advice and the services of the Company Secretary who ensures that all the appointments are properly made and all the necessary information is obtained from directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligation arising from the Listing Requirements of the Bursa Malaysia Securities Berhad and other regulatory requirements.

6. Directors' Development and Training

There is a familiarization programme in place for new Directors, including visits to the Group's business and meetings with senior management where appropriate to facilitate their understanding of the Group's businesses and operations.

All Directors have completed the Mandatory Accreditation Programme ("MAP") pursuant to the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board acknowledged that the directors of the Company were through varied experience and qualifications provide effective contribution and support to the functions of the Board for the year ended 2009. The Board has empowered the directors of the Company to determine their own training requirements as they consider necessary or deem fit expedient to enhance their knowledge in new rules and regulations as well as understanding of the Group's business and operations and to keep abreast with current developments in the market place. All the board members except for Mr. Boo Chin Liong have continued to attend seminars and briefings during the financial year in order to enhance their skills and knowledges, and to keep abreast with current market developments. The Board will evaluate and determine the training needs of its Directors on an ongoing basis to assist them to discharge their responsibilities.

Corporate Governance Statement (Cont'd)

A. Board of Directors (cont'd)

6. Directors' Development and Training (cont'd)

The following are training programmes, seminars and briefing attended by Directors of the Company in 2009:-

Name of Director	Course attended	Date of seminar
Lim Chun Yow	1) Licensed Manufacturing Warehouse	6 July 2009
	2) Designing and Managing Effective Sales Organisation	3 to 4 August 2009
	3) Executive Updates for Directors on Corporate Governance, FRS 139, 7 and 8 and Bursa Listing Requirements	15 September 2009
	4) Leading High Performance Teams into action	18 to 19 December 2009
Hey Shiew Hoe	1) Training course on company-level Logistics Innovation	29 June to 1 July 2009
	2) Audit Committee Institute Roundtable discussion titled: Economic Downturn and Risk Oversight: Reassessing Risk in the Wake of Market Turmoil	4 August 2009
	3) Leading High Performance Teams into action	18 to 19 December 2009
Tan See Khim	1) The art of closing sales	19 to 20 June 2009
	2) Leading High Performance Teams into action	18 to 19 December 2009
Koh Chin Koon	1) MIT Workshop on Corporate Restructuring & Tax Management	19 February 2009
	2) National Seminar on Taxation 2009	3 November 2009
Lim Kim Hock	1) Corporate Matters Things That You Ought to Know in 2009	2 July 2009
	2) National Tax Conference 2009	4 to 5 August 2009
	3) National Seminar on Taxation 2009	12 November 2009

Mr. Boo Chin Liong, the Independent Non-Executive Director of the Company is a lawyer by profession. He did not attend any training programmes during the year as he is of the view that he has adequate awareness of the new rules and regulations to keep abreast with the current development in the market place by virtue of his legal profession.

7. Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being and those appointed during the financial year shall retire from the office and shall be eligible for re-election. The Articles of Association of the Company also provided that all Directors are required to retire from office once every three (3) years but shall be eligible for re-election.

Directors who are appointed during the financial year are subjected to a re-election following their appointment in accordance with the Company's Articles of Association by shareholders at the Annual General Meeting ("AGM").

Details of Directors seeking for re-election at the forthcoming AGM are disclosed in the Statement Accompanying the Notice of AGM as set out in page 85 of this annual report.

Corporate Governance Statement (Cont'd)

B. Board Committees

To assist the Board in discharging its duties, the Board has delegated certain responsibilities to Board Committees, which operate within clearly defined terms of reference. These committees are:-

a) The Audit Committee

The Audit Committee consist of three (3) directors, three (3) of whom including the Chairman are Independent Non-Executive Directors.

The Audit Committee assists and supports the Board's responsibility to oversee the Group's operations by providing a means for review of the Group's processes for producing financial data, its internal controls, and is independent of the Group's external and internal auditors. The Audit Committee will discuss with Management and the external auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements. It is the policy of the Audit Committee to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the Company's financial statements. These meetings are held without the presence of the Executive Directors and the Management.

The terms of reference of the Audit Committee are set out under the Audit Committee Report. The Audit Committee met five (5) times during the financial year and its Report is presented on pages 26 to 30 of this Annual Report.

b) The Nomination Committee

The Nomination Committee met once during the financial year. The Nomination Committee met to approve the principles and processes of assessing Board effectiveness and performance evaluation of senior management.

c) The Remuneration Committee

In compliance with the Code, the Board established the Remuneration Committee on 4 May, 2005. The Remuneration Committee is made up three (3) Independent Non-Executive Directors and an Executive Director. The members of the Remuneration Committee are as follows:-

No.	Members	Designation	Responsibility
1.	Lim Kim Hock	Independent Non-Executive Director	Chairman
2.	Koh Chin Koon	Independent Non-Executive Director	Member
3.	Boo Chin Liong	Independent Non-Executive Director	Member
4.	Hey Shiow Hoe	Executive Director	Member

The Remuneration Committee of the Company has set up a remuneration policy framework and making recommendations to the Board on the remuneration and other terms of employment for the Executive Directors. The terms of reference of the Remuneration Committee are clearly defined by the Board to its members.

The component parts of remuneration of the directors of the Company are structured so as link rewards to corporate and individual performance in the case of executive directors. In the case of non-executive directors, the levels of remuneration are reflected by the experience, level of responsibilities and trends for similar positions in the market and time commitment required from the director. The Executive Directors will abstain from participating in the discussion with respect to their own remuneration. The determination of remuneration of Non-Executive Directors is a matter for the Board as a whole. The individual concerned has abstained from discussion and decision of his own remuneration.

The remuneration of Non-Executive Directors comprises fees, meeting allowances and participation in the Employees Share Option Scheme ("ESOS") while the remuneration package of Executive Directors comprises basic salary, fees, bonus, and participation in the ESOS. The By-Law and policy of the ESOS have been set out a minimum timeframe for any option to be vested in the Executive Directors and Non-Executive Directors of the Company.

Corporate Governance Statement (Cont'd)

B. Board Committees (cont'd)

c) The Remuneration Committee (cont'd)

The Remuneration Committee will meet at least once a year to carry out the annual review of the overall remuneration policy for Directors whereupon recommendations are submitted to the Board for approval. During the meeting, the results of the Directors' evaluation conducted and rating by the Nomination Committee were presented to the Remuneration Committee. The Remuneration Committee and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders. The Remuneration Committee and the Board strives to reward the Directors based on accountability, fairness, and competitiveness, as prescribed in the Code and to ensure the remuneration packages of Directors are sufficiently attractive to draw in and to retain persons of high calibre. Thus, there is a formal and transparent procedure for rewarding and fixing the remuneration packages of Directors.

The Remuneration Committee of the Company has via its Sixth Remuneration Committee Meeting reviewed annually the performance of all Executive Directors and the Chairman/Managing Director of the Company and recommended to the Board specific adjustments in remuneration that includes the reward payments which commensurate with their contributions during the year, and which are competitive and are in tandem with the Group's corporate objectives.

The breakdown of the remuneration of the Directors of the Company for the financial year ended 31 December, 2009 is as follows:-

Total Remuneration	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Fees	150	72	222
Salary and Bonus	1,575	-	1,575
Allowances	-	6	6
Employees Provident Fund	299	-	299
Other emoluments	77	-	77
	2,101	78	2,179

Number of Directors whose remuneration falls within the following bands:-

	Number of Directors		Total
	Executive Directors	Non-Executive Directors	
RM50,000 and below	-	3	3
RM50,001 to RM100,000	-	-	-
RM100,001 to RM150,000	-	-	-
RM150,001 to RM200,000	-	-	-
RM200,001 to RM250,000	-	-	-
RM250,001 to RM300,000	-	-	-
RM300,001 to RM350,000	-	-	-
RM350,001 to RM400,000	-	-	-
RM450,001 to RM500,000	-	-	-
RM500,001 to RM550,000	-	-	-
RM550,001 to RM600,000	1	-	1
RM600,001 to RM650,000	1	-	1
RM650,001 to RM700,000	-	-	-
RM700,001 to RM750,000	-	-	-
RM750,001 to RM800,000	1	-	1
RM800,001 to RM850,000	-	-	-
	3	3	6

Corporate Governance Statement (Cont'd)

B. Board Committees (cont'd)

d) The Employees' Share Options Scheme ("ESOS") Committee

The ESOS Committee was formed on 22 September, 2004 to administer the Group's Employees' Share Options Scheme ("Scheme"). The ESOS Committee will ensure that the Scheme is administered in accordance with the by-laws approved by the shareholders of the Company.

The members of the ESOS Committee as at the date of this Statement are as follows :-

No.	Members	Designation	Responsibility
1.	Lim Chun Yow	Managing Director/Chairman	Chairman
2.	Hey Shiow Hoe	Executive Director	Member
3.	Tan See Khim	Executive Director	Member
4.	Gavin Tan Siau Hui	Administration Manager	Member

The ESOS Committee has not met during the financial year as no allocation and allotment of new shares in the share capital of the Company to the eligible employees of the Group during the year under review.

e) The Risk Management Committee

The Risk Management Committee was formed on 26 October, 2006 to ensure the Group achieves its corporate objectives by applying effective enterprise risk management control. The Risk Management Committee reviews and identifies key risks as well as oversees the overall management of all risks and further to ensure infrastructure, resources, process and systems are in place for risk management.

The members of the Risk Management Committee as at the date of this Statement are as follows :-

No.	Members	Designation	Responsibility
1.	Hey Shiow Hoe	Executive Director	Chairman
2.	Tan See Khim	Executive Director	Member
3.	Gavin Tan Siau Hui	Administration Manager	Member
4.	Foo See Boon	Operation Manager	Member
5.	Lee Kuan Hock	Finance Manager	Member
6.	Eric Chiam	Maintenance Manager	Member
7.	Tay Peh Hwee	Plant Manager	Member
8.	Koh Chu How	Marketing Manager	Member

C. Relationship with Shareholders and Investors

A key element of good corporate governance is being transparent and accountable to all stakeholders. Underlying the transparency and accountability objectives is the provision of clear, relevant, timely, comprehensive and readily assessable information to all stakeholders.

Corporate Governance Statement (Cont'd)

C. Relationship with Shareholders and Investors (cont'd)

1. Dialogue between the Company and Investors

The Group values its dialogues with investors. The annual report of the Company is a key channel of communication with shareholders and investors. The shareholders and investors of the Company are kept informed of the Groups' performance, and major developments of the Group through annual report and announcements via BURSA LINK. Apart from this, financial results and other corporate information materials in the Annual Reports and Circulars to shareholders are available to enable shareholders and investors to have an overview of the Group's business activities and performance. Price-sensitive information about the Group is, however, not disclosed in these exchanges until after the prescribed announcement to the Bursa Malaysia Securities Berhad.

The Company disseminates its annual report to its shareholders either in hard copy or in CD ROM media.

2. Annual General Meeting

The main forum for dialogue with shareholders of the Company is the Company's general meeting. The general meeting represents the primary platform for direct two-way interactions between shareholders, Directors and senior management of the Company. During the general meeting, shareholders who attend the general meetings are encouraged to raise questions pertaining to the agenda items of the general meeting. All Directors and senior management, where appropriate, will provide feedback, answers and clarifications to questions raised from any shareholders during the Annual General Meeting. Adequate notice of the Annual General Meeting of not less than 21 days are communicated to those concerned.

At the annual general meetings of the Company, the Chairman of the Company presents a review of the executive summary highlighted key financial and corporate information. This review is supported by visual and graphical presentation of key figures. The Company also provides press releases to the media on the quarterly financial results of the Group during the year in order to disseminate the financial results of the Group to as wide an audience of investors and shareholders as possible. Other than the annual report and press releases, the Company's website, www.bpplas.com also houses all other corporate and financial information that is made to public, such as quarterly announcement of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirements of the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market and other corporate information on the Company.

An explanatory note or statement to facilitate full understanding and evaluation of issued involved will accompany items of special business included in the notice of the meeting.

3. Extraordinary General Meeting

The Board will convene an Extraordinary General Meeting if a situation arises for reasons that require shareholders to meet in between Annual General Meeting. An appropriate notice of a meeting would be communicated to shareholders in providing explanation of the intended agenda to facilitate understanding and evaluation.

Corporate Governance Statement (Cont'd)

C. Relationship with Shareholders and Investors (cont'd)

4. Investor relations

The extensive investor relations activities of the Company forms an important channel of communications with shareholders, investors and the investment community broadly. As part of fulfilling its corporate governance obligations, the Company maintains a level of disclosure and extensive communication with its stakeholders with the provision of clear, comprehensive and timely information through the readily accessible channels such as annual report, quarterly reports and press releases. This is particularly important to shareholders and investors for informed investment decision making particularly in periods of financial turmoil and extreme volatility in the market place.

The senior level of management personnel responsible for the Company's investor relations function reflects the commitment of the Group to maintaining investor relations as well as provide views and information on the Group that is appropriate and substantive to investors.

The senior management personnel in investor relations activities is Mr. Lim Chun Yow, the Chairman cum Managing Director of the Company.

D. Accountability and Audit

1. Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Company and the Group's financial positions and prospects in all their reports to shareholders, investors, and relevant Regulatory Authorities.

Timely releases of announcements on the quarterly financial statements reflect the Board's commitment to give timely and up-to-date disclosures of the Group's performance.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of financial reporting. The Audit Committee also reviews the appropriateness of the Company's and the Group's accounting policies and the changes to these policies.

The Responsibility Statement by the Directors on the annual audited financial statements of the Company and its Group pursuant to paragraph 15.26(a) of the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market is set out on page 34.

2. Internal Controls

The Board acknowledges its responsibilities for maintaining a sound and reliable system of internal control within the Group, covering the financial controls, the operational and compliance controls, and risk management. The internal control system involves each business unit and its key management, including the Board, and is designed to meet the Group's needs and to manage risks to which it is exposed. This is a continuing process which includes risk assessments, internal controls reviews, and internal audit checks on all companies in the Group. The purpose of this continuous process is to ensure that the Group's assets are safeguarded in the interest of preserving the investment of Shareholders.

The Company's and the Group's system of internal controls, by its nature and are designed to provide reasonable but not absolute assurance against risk of material errors, misstatement, fraud, or losses occurring. The Risk Management Committee through their quarterly meeting to ensure that the accountability for managing the significant risks identified is clearly assigned and that identified risks affecting the Company and the Group are being satisfactorily addressed on an ongoing basis.

Corporate Governance Statement (Cont'd)

D. Accountability and Audit (cont'd)

2. Internal Controls (cont'd)

The effectiveness of the system of internal controls of the Company and the Group is reviewed by the Audit Committee during the quarterly meetings. The review covers the operational, financial and compliance controls. The Audit Committee assists the Board in its review of the effectiveness of internal control and risk management process of the Company and the Group. The Minutes of the Audit Committee meetings are circulated to the Directors for noting and for action by the Board where appropriate. The Board has through the Audit Committee reviewed the adequacy and integrity of the Group's system of internal controls and the Board's Statement of Internal Control are on pages 31 to 33 of this Annual reports.

3. Relationships with the Auditors

The Group's independent external auditors are essential for all shareholders by ensuring the reliability of the Group's financial statements and providing assurance of that reliability to users of these financial statements. From time to time, the external auditors will bring attention to the Audit Committee of any significant deficiency in the Group's control system. In accordance to the terms of reference of the Audit Committee, the Audit Committee to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the financial statements of the Company and the Audit Committee met the external auditors twice during the financial year without the presence of the Executive Directors and the Management. The Audit Committee also meets with the external auditors whenever it deems necessary. In addition, the external auditors are invited to attend the annual general meeting of the Company and are available to answer shareholders' questions on the conduct of the audit and the preparation and content of the audit report.

An appropriate relationship is maintained with the Group's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the external and internal auditors. A full Audit Committee Report and its Terms of Reference detailing its role in relation to the auditors, is set out in pages 26 to 30 of this Annual Report.

Terms of engagement for the services provided by the external auditors are reviewed by the Audit Committee and approved by the Board. In reviewing terms of engagement for the services to be provided by the external auditors, the Audit Committee ensures that the independence and objectivity of the external auditors are not comprised.

E. Deviations from Best Practices

AAll Best Practices

The roles of the Chairman and Chief Executive Officer should be segregated to ensure a balance of power and authority, such that no one individual can dominate the board's decision making.

Deviation

The managing Director, Mr. Lim Chun Yow has also assumed the role of Chairman. The Board is aware of the dual role held and has decided that Mr. Lim Chun Yow will continue to hold the dual role in recognition of his contribution which has transformed the Group into a plastics packaging specialist in Asian Region. The Board has also established a board manual which has set out the distinct and separate roles for the Chairman and the Managing Director of the Company. Each has a clear accepted division of responsibilities in the Company's board manual.

Audit Committee Report

The Audit Committee for the financial year ended 31 December, 2009 comprises the following members:-

1. Memberships

The Board has set up an Audit Committee, which comprises the following:-

Chairman

Koh Chin Koon Independent Non-Executive Director

Members

Boo Chin Liong Independent Non-Executive Director

Lim Kim Hock Independent Non-Executive Director

Mr. Koh Chin Koon and Mr. Lim Kim Hock are members of the Malaysian Institute of Accountants.

2. Secretary

Teo Soon Mei (MAICSA No. 7018590)

3. Terms of Reference

The terms of reference of the Audit Committee are as follows:-

MEMBERSHIP

The Audit Committee shall be appointed by the Board of Directors from amongst their number and shall consist of not less than three (3) members, a majority of whom shall be independent directors. All members of the Audit Committee shall be Non-Executive Directors. No Alternate Director is appointed as a member of the Audit Committee and at least one (1) member of the Audit Committee:-

- (a) shall be a member of the Malaysian Institute of Accountants; or
- (b) if he is not a member of the Malaysian Institute of Accountants, he has at least three (3) years' working experience and:-
 - (i) he has passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (ii) he is a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.or;
- (c) either one of the following qualifications and at least 3 years' post qualification experience in accounting or finance:-
 - (i) a degree/master/doctorate in accounting or finance; or
 - (ii) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountantsor;
- (d) shall be at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
- (e) Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director. In the event of any vacancy in Committee resulting in the non-compliance of the above stated conditions, the Company shall fill the vacancy within 3 months.

Audit Committee Report (Cont'd)

3. Terms of Reference (cont'd)

MEETING AND MINUTES

The Audit committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. Meetings shall be held not less than four (4) times a year and such additional meeting as the Chairman shall decide in order to fulfill its duties. The Company Secretary or any person appointed by the Audit Committee shall act as the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and other supporting explanatory documentation for circulation to the Audit Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meetings of the Audit Committee, and circulating them to Audit Committee members and to other members of the Board of Directors. The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company. The Chairman of the Audit Committee shall also convene a meeting of the Audit Committee to consider any matters that the external auditors and/or Internal Auditor believes should be brought to the attention of the directors or shareholders. The Finance Director, Financial Controller, the Internal Auditors and a representative of the external auditors shall normally be invited to attend the meetings. Other members of the Board and employees of the Company may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting. At least twice a year, the Audit Committee shall meet the external auditors without any executive directors present.

QUORUM

A quorum shall consist of a majority of members present who must be independent directors.

AUTHORITY

The Audit Committee is empowered and authorised by the Board of Directors at the cost of the Company:-

- (a) to investigate any matters within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group;
- (b) to have the resources in order to perform its duties as set out in its terms of reference;
- (c) to have full and unrestricted access to any information pertaining to the Company and the Group;
- (d) to have direct communication channels with the external auditors and internal auditors;
- (e) to obtain external legal or other independent professional advice where necessary;
- (f) to invite outsiders with relevant experience to attend its meetings, whenever deemed necessary; and
- (g) to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Notwithstanding anything contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board of Directors on matters considered and its recommendations thereon, pertaining to the Company and the Group.

DUTIES

The duties of the Committee are as follow:-

- (a) To consider and report the same to the Board of Directors of the Company the appointment, nomination, resignation and dismissal of external auditors and their respective audit fees;
- (b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, competency and resources of the external audit and ensure co-ordination where more than one audit firm is involved;
- (c) To discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management);

Audit Committee Report (Cont'd)

3. Terms of Reference (cont'd)

DUTIES (cont'd)

- (d) To do the following and report the same to the Board of Directors of the Company, in relation to the internal audit function :-
- 1) review the adequacy of the scope, functions, competency and resources of the internal audit function, and whether its has the necessary authority to carry out its work;
 - 2) review the internal audit programme, processes and results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate action are taken on the recommendations of the internal audit function;
 - 3) review any appraisal or assessment of the performance of the internal auditors and their respective audit fees;
 - 4) approve any appointment or termination of the internal auditors; and
 - 5) take cognisance of resignations of internal auditors and provide the resigning internal auditors an opportunity to submit his reasons for resigning.
- (e) To review the effectiveness of the management information system;
- (f) To review the quarterly results and annual financial statements of the Company and the Group with both the external auditors and management and report the same to the Board of Directors of the Company, focusing particularly on :-
- 1) any change in or implementation of accounting policies and practices;
 - 2) significant adjustment arising from the audit;
 - 3) any unusual events;
 - 4) the going concern assumption; and
 - 5) compliance with accounting standards and other legal requirements.
- (g) To review the following and report to the same to the Board of Directors of the Company:-
- 1) with the external auditor, the audit plan;
 - 2) with the external auditor, his evaluation of the system of internal controls;
 - 3) with the external auditor, his audit report; and
 - 4) the assistance given by the employees of the Company and the Group to the external auditor.
- (h) To review and discuss any management letter sent by the external auditors to the Company and the management's response to such letter;
- (i) To consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;
- (j) To review all areas if significant financial risk and the arrangements in place to contain those risks to acceptance levels;
- (k) To consider and review any related-party transactions and potential conflict of interest situations that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (l) To review and report the same to the Board of Directors of the Company whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;
- (m) To review the allocation of options pursuant to the Employees' Share Options Scheme and make such statement to be included in the annual report of the Company in relation to a share scheme for employees;
- (n) Any such other functions as may be agreed by the Committee and the Board.

RESPONSIBILITY

Where the Committee is of the view that a matter reported by it to the board of directors of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Bursa Malaysia Securities Berhad or any serious offence involving fraud and dishonesty committed by the Company or the Group, the Committee has the responsibility to promptly report such matters to the Bursa Malaysia Securities Berhad or any other relevant authorities.

Audit Committee Report (Cont'd)

3. Terms of Reference (cont'd)

REVIEW OF THE COMPOSITION OF THE COMMITTEE

The term of office and performance of the Committee and each of the members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

4. Summary of Audit Committee Activities During the Year

The Audit Committee held a total of five (5) meetings during the financial year ended 31 December, 2009. The Managing Director, Accountant, departmental head and a representative of the external and internal auditor normally attend the Audit Committee meetings. Other Board members may attend meetings upon invitation by the Audit Committee. The Minutes of the Audit Committee meetings have been extended to all members of the Board of Directors and significant issues were discussed at the Board Meetings.

The details of the attendance of each Audit Committee member was as follows:-

Audit Committee Member	Total no. of Meetings Held During the Year	Meetings Attended
Mr. Koh Chin Koon	5	5
Mr. Boo Chin Liong	5	5
Mr. Lim Kim Hock	5	5

During the financial year, the activities undertaken by the Audit Committee included:-

- a. reviewed the quarterly unaudited financial statements of the Group and the Company prior making the recommendations to the Board of Directors for approval;
- b. reviewed inter-company transactions and/or any related party transaction or conflict of interest situations that arose within the Group or the Company;
- c. discussion on the Company's Corporate Governance process and the application of the key principles and best practices of Corporate Governance and the compliance with the Listing Requirement of the Bursa Malaysia Securities Berhad;
- d. discussion and reviewed the semi-annual returns pursuant to the Paragraph 8.10 of Chapter 8 of the Listing Requirements of the Bursa Malaysia Securities Berhad for Main Market;
- e. discussion and reviewed the amendments to the Listing Requirements of the Bursa Malaysia Securities Berhad and other rules and regulations;
- f. discussion and reviewed the annual audited financial statements of the Group and the Company for the financial year ended 31 December, 2008 and made recommendations to the Board of Directors for approval;
- g. discussion and reviewed the external auditors' scope of work and the audit planning memorandum for the financial year ended 31 December, 2009;
- h. Evaluated the performance of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration;
- i. reviewed with the external auditors the results of the annual audit, their audit and Management letter together with Management's response to the findings of the external auditors;
- j. discussion and reviewed the staffing requirements of the Internal auditors, skills and the core competencies of the internal auditors and made recommendations to the Board of Directors on the appointment of internal auditors of the Company;
- k. discussion and reviewed the internal auditors' scope of work and the audit planning memorandum for the financial year ended 31 December, 2009;

Audit Committee Report (Cont'd)

4. Summary of Audit Committee Activities During the Year (cont'd)

- l. discussion and reviewed internal auditors' audit methodology in assessing and rating risks of auditable areas;
- m. discussion and reviewed the interim audit findings from the Internal Auditors for the financial year ended 31 December, 2009;
- n. discussion and reviewed the risk management report from Risk Management Committee which were tabled during the year, the recommendations made and Management response to these recommendations;
- o. reviewed the allocation of options pursuant to the Employees' Share Option Scheme of the Company; and
- p. discussion and reviewed the renewal of authority for the purchase by BP Plastics Holding Bhd of its own shares;

5. Review of Employees' Share Option Scheme ("ESOS")

During the year, no options pursuant to ESOS being offered to the eligible employees of the Group and the Non-Executive Directors of the Company pursuant to the ESOS of the Company. The Audit Committee had on 11 November 2009 reviewed the previous allocation of options under the ESOS of the Company.

6. Internal Audit Function

The Audit Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control. The Audit Committee is supported by the internal auditors of the Company in the discharge of its duties and responsibilities.

The Company engaged external consultant to carry out the internal audit function of the Group for the financial year ended 31 December, 2009. The primary function of the internal audit was to independently carry out a review of the existing systems, controls and procedures and thereafter provides such recommendations that would assist to further enhance the existing internal control. During the year, the Company managed to conduct the risk assessment review by the Risk Management Committee. This includes evaluation of processes where significant risks are identified, assessed and managed to ensure that the balance scorecard of the Company to be finalized and instituted controls are appropriate and effectively applied according to the Group's risk management policies. The Risk Management Committee has been established to carry out the ongoing process of monitoring the effectiveness of application of policies, processes and activities related to risk management and corporate governance processes. The Audit Committee will report to the Board on significant findings and results.

The total costs incurred for the internal function of the Company and the Group for 2009 are as follows:-

	RM
Group	44,000

Further details of the activities of the internal audit are set out in the Statement on Internal Control.

Internal Control Statement

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), directors of a listed company are to include in its annual report a statement on the state of the internal controls of the company as a group. This Statement on Internal Control has been prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia and in accordance with the guidance in the Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Internal Control Guidance").

BOARD RESPONSIBILITY

The Board recognizes that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures.

The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing this objective, the system of internal control of the Group can only serve to provide reasonable and not absolute assurance that material misstatement or loss are managed appropriately and communicated to the Board on a timely basis.

THE GROUP'S SYSTEM OF INTERNAL CONTROL

Monitoring Mechanisms and Management Style

The Board entrusts the daily running of the business to the Managing Director and his management team. The Managing Director and his management team receive timely information pertaining to performance and profitability of the Group through timely reports which include quantitative and qualitative trends and analyses through its fully computerized information system.

The Managing Director plays a pivotal role in communicating the Board's expectations of an internal control system to management. This is achieved, on a day-to-day basis, through his active participation in the operations of the business as well as his attendance at various scheduled management committee meetings. The management committee, which comprises Heads of Department, meets timely to discuss on Production, Operational, Sales and Human Resource issues. These meetings represent the platform by which the Group's activities are monitored to ensure timely identification and resolution of any critical issues. The Managing Director monitors the progress of these issues through daily interaction with the management committee and the reviews of the management committee minutes.

The Group practices an "open door" policy whereby Executive Directors, Senior Management and Executives are encouraged to voice out any matters to the Managing Director for prompt response. This culture provides opportunity for every employee of the Group to solve matters quickly and efficiently by drawing experience and knowledge from all levels of staffs within the Group.

Internal Control Statement (Cont'd)

Internal Audit

The Group has outsourced its internal audit function to an independent professional service provider to assist the Audit Committee as well as the Board of Directors in discharging their responsibilities by providing independent, objective assurance and advisory services that seeks to add value and improve the operations by considering:-

- the existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- the adequacy and effectiveness of internal control systems for safeguarding of assets and providing consistent, accurate financial and operational data;
- risk awareness and the value and nature of an effective internal control system;
- compliance with laws, regulations, corporate policies and procedures; and
- the effectiveness of risk management, control and governance processes within the Group's operations.

The internal audit function has adopted a risk-based approach and prepared its audit strategy and plan based on the risk profiles of the major business function of the Group and in accordance with the internal audit plan approved by the Audit Committee.

In addition, as part of the requirements of the ISO 9001:2008 certification accredited to the Group, a scheduled internal quality audit is conducted every year by personnel independent of the processes being audited. Results of the audit are reported to the Managing Director.

The Group has also achieved certification for ISO14001:2004 and OHSAS 18001:1999 in Jun 2008 and the later was successfully converted to OHSAS 18001:2007 in June 2009. With this certification, the Group will ensure that all environmental aspect and impact as well as safety and health issues are appropriately addressed. On yearly basis, a surveillance audit carried out by an external accreditation firm and the audit results are reported to the Managing Director highlighting areas of improvement.

Risk Management Framework

The Board recognizes that effective risk management is part of good business management practice. The Board also acknowledges that all areas of the Group's activities do involve some degree of risk and is committed to ensuring that the Group has an effective risk management framework which allows the Group to identify, evaluate, and manage risks within defined risk parameters that affect the achievement of the Group's business objectives.

The Group has implemented a formal approach to the risk management framework whereby a systematic and logical methodology risk management model has been adopted to ensure key risks are identified, evaluated, properly prioritized, owners identified with proper response time set and allowed for continuous improvement. To carry out an effective risk management framework, the Board has established a Risk Management Committee, which is chaired by an Executive Director. The Risk Management Committee will meet with the audit committee on a half yearly basis to report on the processes, findings and actions taken by management. The Risk Management Committee will continuously identify new risks by taking into consideration the Groups' business objective, strategies and targets and external environmental factors. This covers matters such as, responses to significant risks identified, output from monitoring processes, and changes made to the internal control systems. The Audit Committee or Risk Management Committee then reports to the Board any significant changes in the business and the external environment.

Internal Control Statement (Cont'd)

Other Internal Control Processes

Apart from risk management and internal audit, the Group's system of internal controls also comprises the following key elements:-

- Well defined lines of responsibility, delegation of authority, segregation of duties and flow of information in the organization structure. Besides the predominantly non-executive standing committees, such as, the Audit, the Remuneration, the Nomination and the Option Committees, the Executive and Management Committees will support the Board. These committees convene regular board and management meetings to assess performance and controls in all facets of operations;
- The ISO 9001:2008 Quality Management System is in place to monitor and ensure the quality of the Group's products and services meet customers' expectations;
- Training and development programmes are conducted to enhance staff competencies;
- The public release of quarterly reports is made on time after the review by the Audit Committee and the approval of the Board;
- The ISO 14001:2004 Environmental Management System for monitoring of environmental aspect and impact;
- The OHSAS 18001:2007 Occupational Health and Safety Management System for monitoring of safety and health;
- Monthly monitoring of results against budget with major variances being followed up and action taken by management, where necessary; and
- Monitoring mechanism in the form of scheduled Management Committee meetings on reviewing the Group's operations, financial performance and human resource matters.

THE BOARD'S COMMITMENT

To ensure that the Group achieves its corporate objectives successfully, the Board is determined to establish proactive internal controls and is committed in keeping abreast with the ever-changing business environment in order to support the Group's businesses and size of operations. Cognizant of this fact, the Board regularly reviews the internal control system, in striving for continuous improvement, will put in place appropriate measures where necessary, to further strengthen the Group's system of internal control.

The Board confirms that it has reviewed the effectiveness of the system of internal control and is not aware of any significant weakness or deficiency for the financial year ended 31 December 2009.

Statement of Director's Responsibility in Preparing the Financial Statements

The Companies Act, 1965 requires the Directors to prepare financial statements which give a true and fair view of the financial position of the Company and the group for each financial year. In preparing those statements, the directors have:-

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- prepared the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue its business; and
- ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group thus enabling that the financial statements comply with the Companies Act, 1965. They are also responsible for taking reasonable steps to safeguard the assets of the Group through prevention of fraud and other irregularities.

The Directors confirmed that they have complied with these requirements and have a reasonable expectation that the Group has adequate resources to continue its operation for the future and will continue to adopt a going concern basis in preparing the financial statements.

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Directors' Report

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are manufacturing and trading of plastic products.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year attributable to equity holders of the Company	15,614,506	5,678,374

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2008 were as follows:

In respect of financial year ended 31 December 2008 as reported in the directors' report of that year:

	RM
First and final tax exempt dividend of 4% on every ordinary share of RM0.50 each paid on 3 July 2009	3,602,315

At the forthcoming Annual General Meeting, a first and final tax exempt dividend in respect of the financial year ended 31 December 2009 of 6% on 180,115,750 ordinary shares, amounting to a total dividend payable of RM5,403,473 (3 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Lim Chun Yow
 Tan See Khim
 Hey Shiow Hoe
 Boo Chin Liong
 Koh Chin Koon
 Lim Kim Hock

Directors' Report (Cont'd)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the shares options granted under the Employee Share Option Scheme ("ESOS").

Since the end of previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
	1.1.2009	Acquired	Sold	31.12.2009
Direct interest				
Lim Chun Yow	10,500,003	-	-	10,500,003
Tan See Khim	10,499,999	-	-	10,499,999
Hey Shiow Hoe	10,499,998	-	-	10,499,998
Boo Chin Liong	27,000	-	-	27,000
Koh Chin Koon	27,000	-	-	27,000

Indirect interest

Lim Chun Yow	81,165,000	-	-	81,165,000
Tan See Khim	81,165,000	-	-	81,165,000
Hey Shiow Hoe	81,165,000	-	-	81,165,000

	Number of options over ordinary shares of RM0.50 each			
	1.1.2009	Granted	Exercised	31.12.2009
Lim Chun Yow	980,000	-	-	980,000
Tan See Khim	980,000	-	-	980,000
Hey Shiow Hoe	980,000	-	-	980,000
Boo Chin Liong	100,000	-	-	100,000
Koh Chin Koon	100,000	-	-	100,000

165,000 shares were deemed interested by virtue of Section 134(12) of the Companies Act, 1965

Lim Chun Yow, Tan See Khim and Hey Shiow Hoe by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

The other director in office at the end of the financial year had no interest in shares in the Company during the financial year.

Directors' Report (Cont'd)

EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 10 January 2005. The ESOS was implemented on 15 February 2005 and is to be in force for a period of 5 years from the date of implementation.

On 8 February 2010, the Board of Directors of the Company has approved the duration of the ESOS be extended for a further period of 5 years. Hence, the ESOS is to be in force until 13 February 2015.

The salient features and other terms of the ESOS are disclosed in Note 21 to the financial statements.

There were no options being granted during the financial year, thus no disclosure on the names of option holders is required.

Details of options granted to directors are disclosed in the section on Directors' Interests in this report.

Subsequent to the financial year end, second allocation of up to 3,083,000 ESOS options were granted to eligible employees and directors at an exercise price of RM0.62 per share.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) 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 satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to make any provision for doubtful debts or the amount written off for bad debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances 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.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Directors' Report (Cont'd)

OTHER STATUTORY INFORMATION (Cont'd)

- (f) In the opinion of the directors:
- (i) 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 will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and
 - (ii) 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 the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 April 2010.

Lim Chun Yow

Melaka, Malaysia

Tan See Khim

Statement by Directors

Pursuant to Section 169 (15) of the Companies Act, 1965

We, Lim Chun Yow and Tan See Khim, being two of the directors of BP Plastics Holding Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 42 to 74 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 April 2010.

Lim Chun Yow

Melaka, Malaysia

Tan See Khim

Statutory Declaration

Pursuant to Section 169 (16) of the Companies Act, 1965

I, Lim Chun Yow, being the director primarily responsible for the financial management of BP Plastics Holding Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 42 to 74 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.

Subscribed and solemnly declared by the
abovenamed Lim Chun Yow at
Melaka in the State of Melaka
on 15 April 2010

Lim Chun Yow

Before me,

Choo Yong Chuan (M031)
Commissioner For Oaths

Independent Auditors' Report

To the Members of BP Plastics Holding Bhd (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of BP Plastics Holding Bhd., which comprise the balance sheets as at 31 December 2009, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 42 to 74.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2009 and of its financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report 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 have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

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

Ernst & Young

AF: 0039

Chartered Accountants

Melaka, Malaysia

Date: 15 April 2010

Lee Ah Too

2187/09/11(J)

Chartered Accountant

Income Statements

For the year ended 31 December 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Revenue	3	175,219,061	233,488,146	6,250,000	4,760,000
Cost of sales		(142,142,725)	(205,027,156)	-	-
Gross profit		33,076,336	28,460,990	6,250,000	4,760,000
Other income	4	791,996	2,604,917	65,850	-
Administrative and general expenses		(9,614,860)	(8,899,885)	(637,476)	(788,465)
Selling expenses		(4,735,330)	(5,818,879)	-	-
Operating profit		19,518,142	16,347,143	5,678,374	3,971,535
Finance costs		(32,032)	(274,617)	-	-
Profit before tax	5	19,486,110	16,072,526	5,678,374	3,971,535
Income tax expense	8	(3,871,604)	(4,343,132)	-	(1,000)
Profit for the year		15,614,506	11,729,394	5,678,374	3,970,535
Earnings per share attributable to equity holders of the Company (sen):	9	8.67	6.51		

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

Balance Sheets

As at 31 December 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
ASSETS					
Non-current assets					
Property, plant and equipment	11	63,232,343	61,287,980	-	-
Prepaid land lease payments	12	7,160,000	5,929,452	-	-
Investment in subsidiaries	13	-	-	38,279,169	38,279,169
		70,392,343	67,217,432	38,279,169	38,279,169
Current assets					
Inventories	14	22,751,996	15,255,275	-	-
Trade receivables	15	25,339,127	22,677,983	-	-
Other receivables	16	572,583	117,233	29,095,983	61,454,100
Cash and bank balances	17	45,306,088	34,589,114	34,587,544	211,017
Tax recoverable		208,842	124,402	204,843	124,402
		94,178,636	72,764,007	63,888,370	61,789,519
TOTAL ASSETS		164,570,979	139,981,439	102,167,539	100,068,688
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	18	90,060,375	90,060,375	90,060,375	90,060,375
Share premium	19	3,492,762	3,492,762	3,492,762	3,492,762
Treasury shares	20	(2,043)	(2,043)	(2,043)	(2,043)
Retained earnings	22	38,105,071	23,265,985	8,334,579	6,258,520
Total equity		131,656,165	116,817,079	101,885,673	99,809,614
Non-current liabilities					
Term loans	23	-	645,049	-	-
Deferred tax liabilities	24	11,188,878	9,750,558	-	-
		11,188,878	10,395,607	-	-
Current liabilities					
Term loans	23	883,049	1,364,928	-	-
Trade payables	25	15,653,955	7,197,160	-	-
Other payables	26	4,688,652	3,054,652	281,866	259,074
Tax payable		500,280	1,152,013	-	-
		21,725,936	12,768,753	281,866	259,074
Total liabilities		32,914,814	23,164,360	281,866	259,074
TOTAL EQUITY AND LIABILITIES		164,570,979	139,981,439	102,167,539	100,068,688

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

Statements of Changes in Equity

For the year ended 31 December 2009

Note	Share capital RM	Non-distributable			Distributable		Total RM
		Capital reserve RM	Share premium RM	Treasury shares RM	Retained earnings RM		
GROUP							
At 1 January 2008	60,040,250	-	3,492,762	-	45,159,131	108,692,143	
Profit for the year, representing total recognised income and expense for the year	-	-	-	-	11,729,394	11,729,394	
Issuance of bonus shares	30,020,125	-	-	-	(30,020,125)	-	
Treasury shares	-	-	-	(2,043)	-	(2,043)	
Dividends	10	-	-	-	(3,602,415)	(3,602,415)	
At 31 December 2008	90,060,375	-	3,492,762	(2,043)	23,265,985	116,817,079	
Revaluation surplus	-	2,826,895	-	-	-	2,826,895	
Profit for the year, representing total recognised income and expense for the year	-	-	-	-	15,614,506	15,614,506	
Dividends	10	-	-	-	(3,602,315)	(3,602,315)	
At 31 December 2009	90,060,375	2,826,895	3,492,762	(2,043)	35,278,176	131,656,165	
COMPANY							
At 1 January 2008		60,040,250	3,492,762	-	35,910,525	99,443,537	
Profit for the year, representing total recognised income and expense for the year		-	-	-	3,970,535	3,970,535	
Issuance of bonus shares		30,020,125	-	-	(30,020,125)	-	
Treasury shares		-	-	(2,043)	-	(2,043)	
Dividends	10	-	-	-	(3,602,415)	(3,602,415)	
At 31 December 2008		90,060,375	3,492,762	(2,043)	6,258,520	99,809,614	
Profit for the year, representing total recognised income and expense for the year		-	-	-	5,678,374	5,678,374	
Dividends	10	-	-	-	(3,602,315)	(3,602,315)	
At 31 December 2009		90,060,375	3,492,762	(2,043)	8,334,579	101,885,673	

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

Cash Flow Statements

For the year ended 31 December 2009

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	19,486,110	16,072,526	5,678,374	3,971,535
Adjustments for:				
Depreciation of property, plant equipment	6,582,145	6,062,889	-	-
Amortisation of prepaid land lease payments	133,956	133,956	-	-
(Gain)/loss on disposal of property, plant and equipment	(109,000)	7,453	-	-
Property, plant and equipment written off	160,866	-	-	-
Bad debts written off	10,305	84,074	-	-
Dividend income	-	-	(6,250,000)	(4,760,000)
Interest expense	32,032	274,617	-	-
Interest income	(560,749)	(461,905)	(65,850)	-
Operating profit/(loss) before working capital changes	25,735,665	22,173,610	(637,476)	(788,465)
(Increase)/decrease in inventories	(7,496,721)	20,478,202	-	-
(Increase)/decrease in receivables	(3,150,928)	10,102,845	10,000	15,000
Increase/(decrease) in payables	10,114,924	(26,122,786)	22,792	10,451
Cash generated from/(used in) operations	25,202,940	26,631,871	(604,684)	(763,014)
Interest paid	(32,032)	(274,617)	-	-
Taxes paid	(4,093,091)	(2,937,701)	(17,941)	(30,707)
Taxes refunded	-	1,633,501	-	76,500
Net cash generated from/(used in) operating activities	21,077,817	25,053,054	(622,625)	(717,221)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	560,749	461,905	65,850	-
Proceeds from disposal of property, plant and equipment	109,000	20,000	-	-
Purchase of property, plant and equipment	(6,301,349)	(1,368,003)	-	-
Dividends received	-	-	6,187,500	4,692,400
Net cash (used in)/generated from investing activities	(5,631,600)	(886,098)	6,253,350	4,692,400
CASH FLOWS FROM FINANCING ACTIVITIES				
Repurchase of shares	-	(2,043)	-	(2,043)
Repayment of term loans	(1,126,928)	(1,251,049)	-	-
Dividends paid	(3,602,315)	(3,602,415)	(3,602,315)	(3,602,415)
Repayment by/(advances to) a subsidiary	-	-	32,348,117	(286,646)
Net cash (used in)/generated from financing activities	(4,729,243)	(4,855,507)	28,745,802	(3,891,104)
NET INCREASE IN CASH AND BANK BALANCES	10,716,974	19,311,449	34,376,527	84,075
CASH AND BANK BALANCES AT BEGINNING OF YEAR	34,589,114	15,277,665	211,017	126,942
CASH AND BANK BALANCES AT END OF YEAR	45,306,088	34,589,114	34,587,544	211,017

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

Notes to the Financial Statements

31 December 2009

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor Darul Takzim.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are manufacturing and trading of plastic products. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 April 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical basis except for land and buildings that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of significant accounting policies (Cont'd)

(a) Subsidiaries and basis of consolidation (Cont'd)

(ii) Basis of consolidation (Cont'd)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's 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 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 income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold agriculture land and factory buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised.

A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of significant accounting policies (Cont'd)

(b) Property, plant and equipment and depreciation (Cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates :

Factory buildings	2%
Plant and machinery	6.67% to 10%
Tools and equipment	10%
Office equipment, furniture and fittings	10% to 50%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(c) Impairment of non-financial assets

The carrying amounts of assets, other than investment property, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of significant accounting policies (Cont'd)

(c) Impairment of non-financial assets (Cont'd)

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress comprise cost of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated costs necessary to make the sale.

(e) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Trade receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Trade payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of significant accounting policies (Cont'd)

(e) Financial instruments (Cont'd)

(iv) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(v) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

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. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(vi) Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

(f) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of significant accounting policies (Cont'd)

(f) Leases (Cont'd)

(ii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(h) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of significant accounting policies (Cont'd)

(i) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays 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 the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(iii) Share-based compensation

The Company's Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of significant accounting policies (Cont'd)

(j) Foreign currency transactions

Transactions in foreign currencies are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on 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 translated.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised net of sales taxes, discounts and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest income

Interest is recognised on an accrual basis using the effective interest method.

(iii) Dividend income

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

Notes to the Financial Statements - 31 December 2009 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group, which are:

Effective for financial periods beginning on or after 1 July 2009:

FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010:

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS

127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payments- Vesting Conditions and Cancellations

Amendment to FRS 5: Non-current Assets Held For Sale and Discontinued Operations

Amendment FRS 8: Operating Segments

Amendment to FRS 107: Cash Flow Statements

Amendment to FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors

Amendment to FRS 110: Events after the Reporting Period

Amendment to FRS 116: Property, Plant and Equipment

Amendment to FRS 117: Leases

Amendment to FRS 118: Revenue

Amendment to FRS 119: Employee Benefits

Amendment to FRS 120: Accounting for Government Grants and Disclosure of Government Assistance

Amendment to FRS 123: Borrowing Costs

Amendment to FRS 127: Consolidated and Separate Financial Statements

Amendment to FRS 128: Investment in Associates

Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies

Amendment to FRS 131: Interests in Joint Ventures

Amendments to FRS 132: Financial Instruments: Presentation

Amendment to FRS 134: Interim Financial Reporting

Amendment to FRS 136: Impairment of Assets

Amendment to FRS 138: Intangible Assets

Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives

Amendment to FRS 140: Investment Property

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2: Group and Treasury Share Transactions

IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 14: FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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Notes to the Financial Statements - 31 December 2009 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Standards and interpretations issued but not yet effective (Cont'd)

Effective for financial periods beginning on or after 1 July 2010:

FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (revised)
FRS 127: Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2: Share-based Payments
Amendments to FRS 5: Non-current Assets Held For Sale and Discontinued Operations
Amendments to FRS 138: Intangible Assets
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 15: Agreements for the Construction of Real Estate
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners

The Group plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group upon their initial application:

FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

FRS 8: Operating Segment

FRS 8 replaces FRS 114²⁰⁰⁴: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Standards and interpretations issued but not yet effective (Cont'd)

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

FRS 123: Borrowing Costs

This Standard supersedes FRS 123²⁰⁰⁴: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Group's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

Amendment to FRSs 'Improvements to FRSs (2009)'

FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

The following are the judgements made by the management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Inventories valuation

The Group reviews the adequacy of provision for slow moving inventories as at the balance sheet date to ensure that inventories are stated at the lower of cost and net realisable value. In assessing the extent of provision for slow moving inventories, the directors, having considered all available information, are of the opinion that these goods can be realised in the ordinary course of business. The carrying amount of inventories of the Group which are slow moving amounts to RM Nil (2008: RM1,595,867).

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation of plant and machinery

The cost of plant and machinery for the manufacture of plastic products is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 10 to 15 years. These are common life expectancies applied in the plastic products industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

3. REVENUE

Revenue of the Group and of the Company represents the following :

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Dividends from a subsidiary	-	-	6,250,000	4,760,000
Sale of goods	175,219,061	233,488,146	-	-
	175,219,061	233,488,146	6,250,000	4,760,000

Notes to the Financial Statements - 31 December 2009 (Cont'd)

4. OTHER INCOME

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest income	560,749	461,905	65,850	-
Gain on foreign currency exchange	38,348	2,085,772	-	-
Gain on disposal of property, plant and equipment	109,000	-	-	-
Miscellaneous	83,899	57,240	-	-
	791,996	2,604,917	65,850	-

5. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Audit fee - current year	48,000	53,000	21,000	25,000
- overprovision in prior year	(7,000)	-	(4,000)	-
Depreciation of property, plant and equipment	6,582,145	6,062,889	-	-
Amortisation of prepaid land lease payments	133,956	133,956	-	-
(Gain)/loss on disposal of property, plant and equipment	(109,000)	7,453	-	-
Property, plant and equipment written off	160,866	-	-	-
Non-executive directors' fees (Note 7)	78,000	78,500	78,000	78,500
Bad debts written off	10,305	84,074	-	-
Operating leases:				
- minimum lease payments for buildings	64,180	87,600	-	-
Employee benefits expense (Note 6)	9,586,739	9,386,676	150,000	150,000

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Wages and salaries	7,614,048	7,740,158	150,000	150,000
Bonus	920,799	411,381	-	-
Social security contribution	67,459	70,154	-	-
Contributions to defined contribution plan	799,014	767,548	-	-
Other staff related expenses	185,419	397,435	-	-
	9,586,739	9,386,676	150,000	150,000

Included in the staff costs of the Group are executives directors' remuneration amounting to RM2,024,250 (2008: RM1,774,350) as further disclosed in Note 7.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

7. DIRECTORS' REMUNERATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors of the Company				
Executive directors' remuneration :				
Salaries and other emoluments	1,260,000	1,260,000	-	-
Fees	150,000	150,000	150,000	150,000
Bonus	315,000	105,000	-	-
Defined contribution plan	299,250	259,350	-	-
Estimated money value of benefits-in-kind	76,931	41,926	-	-
	2,101,181	1,816,276	150,000	150,000
Non-executive directors' remuneration :				
Fees	72,000	70,000	72,000	70,000
Allowances	6,000	8,500	6,000	8,500
	78,000	78,500	78,000	78,500
Analysis excluding benefits-in-kind :				
Total executive directors' remuneration (Note 6)	2,024,250	1,774,350	150,000	150,000
Total non-executive directors' remuneration (Note 5)	78,000	78,500	78,000	78,500
Total directors' remuneration	2,102,250	1,852,850	228,000	228,500

8. INCOME TAX EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current income tax :				
Tax expense for the year	3,665,500	3,852,000	-	1,000
Overprovision in prior years	(308,582)	-	-	-
	3,356,918	3,852,000	-	1,000
Deferred tax (Note 24) :				
Relating to origination of temporary differences	489,837	428,985	-	-
Relating to changes in tax rates	-	(1,522)	-	-
Underprovision in prior years	24,849	63,669	-	-
	514,686	491,132	-	-
	3,871,604	4,343,132	-	1,000

Income tax is calculated at the Malaysian statutory tax rate of 25% (2008 : 26%) of the estimated assessable profit for the year.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

8. INCOME TAX EXPENSE (Cont'd)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows :

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before tax	19,486,110	16,072,526	5,678,374	3,971,535
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	4,871,528	4,178,857	1,419,594	1,032,599
Effect of income subject to tax rate of 20%	-	(34,584)	-	-
Effect on changes in tax rates on opening balance of deferred tax	-	(1,522)	-	-
Effect of income not subject to tax	(83,708)	(79,225)	(1,500,000)	(1,170,000)
Effect of expenses not deductible for tax purposes	170,661	266,159	80,406	138,401
Effect of utilisation of current year's reinvestment allowance	(803,144)	(50,222)	-	-
Overprovision of income tax expense in prior years	(308,582)	-	-	-
Underprovision of deferred tax in prior years	24,849	63,669	-	-
Tax expense for the year	3,871,604	4,343,132	-	1,000

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	Group	
	2009	2008
Profit attributable to ordinary equity holders of the Company (RM)	15,614,506	11,729,394
Weighted average number of ordinary shares in issue	180,115,750	180,119,384
Basic earnings per share (sen)	8.67	6.51

(b) Diluted

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares as at the year end.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

10. DIVIDENDS

	Dividends in respect of Year			Dividends Recognised in Year	
	2009 RM	2008 RM	2007 RM	2009 RM	2008 RM
Group and Company					
Proposed for approval at AGM (not recognised as at 31 December):					
First and final tax exempt dividend of 6% on 120,080,500 ordinary shares (3 sen per ordinary share)	-	-	3,602,415	-	3,602,415
First and final tax exempt dividend of 4% on 180,115,750 ordinary shares (2 sen per ordinary share)	-	3,602,315	-	3,602,315	-
First and final tax exempt dividend of 6% on 180,115,750 ordinary shares (3 sen per ordinary share)	5,403,473	-	-	-	-
	5,403,473	3,602,315	3,602,415	3,602,315	3,602,415

At the forthcoming Annual General Meeting, a first and final tax exempt dividend in respect of the financial year ended 31 December 2009 of 6% on 180,115,750 ordinary shares, amounting to a total dividend payable of RM5,403,473 (3 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

11. PROPERTY, PLANT AND EQUIPMENT

	* Land and buildings RM	Plant and machinery, tools and equipment RM	Office equipment, furniture fittings and motor vehicles RM	Capital work-in- progress RM	Total RM
Group					
At 31 December 2009					
Cost/Valuation					
At 1 January 2009	13,986,321	73,349,219	4,835,019	1,380,847	93,551,406
Additions	7,700	56,004	828,378	5,409,267	6,301,349
Revaluation surplus	2,386,025	-	-	-	2,386,025
Reclassification	151,201	5,309,287	1,152,760	(6,613,248)	-
Disposals	-	-	(525,254)	-	(525,254)
Written off	-	-	-	(160,866)	(160,866)
At 31 December 2009	16,531,247	78,714,510	6,290,903	16,000	101,552,660
Representing:					
At cost	-	78,714,510	6,290,903	16,000	85,021,413
At valuation	16,531,247	-	-	-	16,531,247
	16,531,247	78,714,510	6,290,903	16,000	101,552,660
Accumulated depreciation					
At 1 January 2009	1,518,015	27,604,132	3,141,279	-	32,263,426
Charge for the year	273,231	5,357,291	951,623	-	6,582,145
Disposals	-	-	(525,254)	-	(525,254)
At 31 December 2009	1,791,246	32,961,423	3,567,648	-	38,320,317
Net carrying amount					
At cost	-	45,753,087	2,723,255	16,000	48,492,342
At valuation	14,740,001	-	-	-	14,740,001
	14,740,001	45,753,087	2,723,255	16,000	63,232,343

Notes to the Financial Statements - 31 December 2009 (Cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	* Land and buildings RM	Plant and machinery, tools and equipment RM	Office equipment, furniture fittings and motor vehicles RM	Capital work-in- progress RM	Total RM
At 31 December 2008					
Cost/Valuation					
At 1 January 2008	13,577,366	72,583,217	4,705,823	1,361,516	92,227,922
Additions	23,885	517,857	173,715	652,546	1,368,003
Reclassification	385,070	248,145	-	(633,215)	-
Disposals	-	-	(44,519)	-	(44,519)
At 31 December 2008	13,986,321	73,349,219	4,835,019	1,380,847	93,551,406
Representing:					
At cost	5,582,843	73,349,219	4,835,019	1,380,847	85,147,928
At valuation	8,403,478	-	-	-	8,403,478
	13,986,321	73,349,219	4,835,019	1,380,847	93,551,406
Accumulated depreciation					
At 1 January 2008	1,251,175	22,184,698	2,781,730	-	26,217,603
Charge for the year	266,840	5,419,434	376,615	-	6,062,889
Disposals	-	-	(17,066)	-	(17,066)
At 31 December 2008	1,518,015	27,604,132	3,141,279	-	32,263,426
Net carrying amount					
At cost	5,264,672	45,745,087	1,693,740	1,380,847	54,084,346
At valuation	7,203,634	-	-	-	7,203,634
	12,468,306	45,745,087	1,693,740	1,380,847	61,287,980

Notes to the Financial Statements - 31 December 2009 (Cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

* Land and buildings

	Freehold agriculture land RM	Factory buildings RM	Total RM
At 31 December 2009			
Cost/Valuation			
At 1 January 2009	340,000	13,646,321	13,986,321
Additions	-	7,700	7,700
Revaluation surplus	70,000	2,316,025	2,386,025
Reclassification	-	151,201	151,201
At 31 December 2009	410,000	16,121,247	16,531,247
Representing:			
At cost	-	-	-
At valuation	410,000	16,121,247	16,531,247
	410,000	16,121,247	16,531,247
Accumulated depreciation			
At 1 January 2009	-	1,518,015	1,518,015
Additions	-	273,231	273,231
At 31 December 2009	-	1,791,246	1,791,246
Net carrying amount			
At valuation	410,000	14,330,001	14,740,001
At 31 December 2008			
Cost/Valuation			
At 1 January 2008	340,000	13,237,366	13,577,366
Additions	-	23,885	23,885
Reclassification	-	385,070	385,070
At 31 December 2008	340,000	13,646,321	13,986,321
Accumulated depreciation			
At 1 January 2008	-	1,251,175	1,251,175
Additions	-	266,840	266,840
At 31 December 2008	-	1,518,015	1,518,015
Net carrying amount			
At cost	-	5,264,672	5,264,672
At valuation	340,000	6,863,634	7,203,634
	340,000	12,128,306	12,468,306

Notes to the Financial Statements - 31 December 2009 (Cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (a) All the assets of the Group have been charged to banks for banking facilities granted to a subsidiary as referred to in Note 23.
- (b) Subsequent to the initial revaluation on 26 January 2004, an independent valuation of the Group's land and buildings was performed by Messrs Colliers, Jordan Lee and Jaafar (JH) Sdn. Bhd. on 31 December 2009 to determine the fair value of the land and buildings. The valuation, which conforms to International Valuation Standards, was determined by reference to open market values based on existing use bases.
- (c) Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the net carrying amount that would have been included in the financial statements of the Group would be as follows:

	2009 RM	2008 RM
Freehold agriculture land	136,246	136,246
Factory buildings	9,784,282	4,583,259
	9,920,528	4,719,505

12. PREPAID LAND LEASE PAYMENTS

	Group	
	2009 RM	2008 RM
At 1 January	5,929,452	6,063,408
Amortisation for the year	(133,956)	(133,956)
Revaluation surplus	1,364,504	-
At 31 December	7,160,000	5,929,452
Analysed as :		
Long term leasehold land	780,000	652,884
Short term leasehold land	6,380,000	5,276,568
	7,160,000	5,929,452

Prepaid land lease payments are charged to banks for banking facilities granted to a subsidiary as referred to in Note 23.

Prepaid land lease payments were revalued on 31 December 2009 by Messrs Colliers, Jordan Lee and Jaafar (JH) Sdn. Bhd to determine fair value. The valuation, which conforms to International Valuation Standards, was determined by reference to open market values based on existing use bases.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2009 RM	2008 RM
Unquoted shares, at cost	38,279,169	38,279,169

Details of the subsidiaries are as follows :

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%)		Principal activities
		2009	2008	
BP Plastics Sdn. Bhd.	Malaysia	100	100	Manufacturing of plastic products
BP Packaging Sdn. Bhd.	Malaysia	100	100	Trading of plastic products

14. INVENTORIES

	Group	
	2009 RM	2008 RM
At cost:		
Raw materials	15,976,119	6,761,012
Work-in-progress	1,449,867	737,666
Spare parts	349,787	351,890
Finished goods	4,778,614	-
	22,554,387	7,850,568
At net realisable value:		
Raw materials	197,609	3,153,195
Work-in-progress	-	568,438
Finished goods	-	3,683,074
	22,751,996	15,255,275

15. TRADE RECEIVABLES

The Group's normal credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or groups of debtors.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

16. OTHER RECEIVABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deposits	69,838	78,338	2,000	2,000
Prepayment	2,300	30,882	-	10,000
Sundry receivables	500,445	8,013	-	-
Due from a subsidiary	-	-	29,093,983	61,442,100
	572,583	117,233	29,095,983	61,454,100

The amount due from a subsidiary is unsecured, interest-free and repayable on demand.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or groups of debtors.

17. CASH AND BANK BALANCES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash on hand and at banks	2,686,626	12,882,326	8,339	211,017
Repository deposits with a licensed bank	4,614,580	4,900,000	214,580	-
Money market funds	38,004,882	16,806,788	34,364,625	-
Cash and bank balances	45,306,088	34,589,114	34,587,544	211,017

The weighted average effective interest rates at the balance sheet date were as follows:

	Group		Company	
	2009 %	2008 %	2009 %	2008 %
Repository deposits with a licensed bank	1.44	2.52	1.50	-
Money market funds	2.42	2.82	2.42	-

The average maturities of deposits as at the end of the financial year were as follows :

	Group		Company	
	2009 Days	2008 Days	2009 Days	2008 Days
Repository deposits with a licensed bank	7	2	12	-

There is no maturity period for money market funds as these money are callable on demand.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

18. SHARE CAPITAL

	Group and Company			
	Number of shares of RM0.50 Each		Amount	
	2009	2008	2009 RM	2008 RM
Authorised				
At 1 January	400,000,000	200,000,000	200,000,000	100,000,000
Created during the year	-	200,000,000	-	100,000,000
At 31 December	400,000,000	400,000,000	200,000,000	200,000,000
Issued and fully paid				
At 1 January	180,120,750	120,080,500	90,060,375	60,040,250
Bonus issue	-	60,040,250	-	30,020,125
At 31 December	180,120,750	180,120,750	90,060,375	90,060,375

19. SHARE PREMIUM

This non-distributable capital reserve arose from the issue of shares at a premium in previous years.

20. TREASURY SHARES

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in an extraordinary general meeting held on 26 May 2009, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed in enhancing the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders.

During the previous financial year, the Company repurchased 5,000 of its issued ordinary shares from the open market at the price of RM0.40 per share. The total consideration paid for the repurchase including transaction costs was RM2,043. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Of the total 180,120,750 issued and fully paid ordinary shares as at 31 December 2009, 5,000 are held as treasury shares by the Company. As at 31 December 2009, the number of outstanding ordinary shares in issue and fully paid is therefore 180,115,750 ordinary shares of RM0.50 each.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

21. EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company's Employee Share Option Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 10 January 2005. The ESOS was implemented on 15 February 2005 and is to be in force for a period of 5 years from the date of implementation.

The salient features of the ESOS are as follows:

- (a) The ESOS shall be in force for a period of five years and the Company may, if the Board deems fit upon the recommendation of the ESOS Committee, renew the ESOS for a further 5 years.
- (b) The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- (c) The total number of shares to be issued under the ESOS shall not exceed 15% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares to be offered are allotted to eligible employees who are Executive Directors and members of the Senior Management of the Group. In addition, not more than 10% of the shares to be offered are allotted to eligible employees who, either singly or collectively through his associates, holds 20% or more of the issued and paid-up share capital of the Company.
- (d) The option price for each share shall be the 5-days weighted average market price of the underlying shares at the time the ESOS Options are granted, with a discount of not more than ten percent (10%) if deemed appropriate, or the par value of the ordinary shares of the Company of RM0.50, whichever is the higher.
- (e) No option shall be granted for less than 100 shares to any eligible employee.
- (f) An option granted under the ESOS shall be capable of being accepted by the grantee by notice in writing to the Company before the expiry of 30 days period from the date of offer.
- (g) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respect with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.
- (h) The options shall not carry any right to vote at a general meeting of the Company.
- (i) The persons to whom the options have been granted have no rights to participate by virtue of the options in any share issue of any other company.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

21. EMPLOYEE SHARE OPTION SCHEME ("ESOS") (Cont'd)

The following table illustrates the number of and weighted average exercise price (WAEP) of, and movements in, share options during the year :

	Number of share options		Weighted average exercise price	
	2009	2008	2009 RM	2008 RM
Outstanding at 1 January	6,651,000	6,819,000	1.20	1.20
Forfeited during the year	(429,000)	(168,000)	1.20	1.20
Outstanding at 31 December	6,222,000	6,651,000	1.20	1.20
Exercisable at 31 December	6,222,000	6,651,000	1.20	1.20

The options outstanding at the end of the year have a weighted average remaining contractual life of 0.2 year (2008 : 1.2 years).

Subsequent to the financial year end, the Board of Directors of the Company approved the following:

- (i) duration of the ESOS be extended for, further period of 5 years. Hence, the ESOS is to be in force until 13 February 2015.
- (ii) exercise price for the existing outstanding option as at 31 December 2009 be revised to RM0.80 per share
- (iii) second allocation of up to 3,083,000 ESOS options were granted to eligible employees and directors at an exercise price of RM0.62 per share

22. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2009, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

23. TERM LOANS

	Group	
	2009 RM	2008 RM
Term loans, secured:		
Due within 12 months	883,049	1,364,928
Due after 12 months	-	645,049
	883,049	2,009,977
Maturity of borrowings:		
Within one year	883,049	1,364,928
More than 1 year and less than 2 years	-	645,049
	883,049	2,009,977

Notes to the Financial Statements - 31 December 2009 (Cont'd)

23. TERM LOANS (Cont'd)

The weighted average effective interest rate at the balance sheet date for term loans is 1.19% (2008 : 2.85%) per annum.

The term loans are secured by way of debentures incorporating fixed and floating charge over all property, plant and equipment and prepaid land lease payments of the Group as referred to in Note 11 and Note 12.

24. DEFERRED TAX LIABILITIES

	Group	
	2009 RM	2008 RM
At 1 January	9,750,558	9,259,426
Recognised in the income statement (Note 8)	514,686	491,132
Recognised in equity	923,634	-
At 31 December	<u>11,188,878</u>	<u>9,750,558</u>

The component and movement of deferred tax liability and asset during the financial year are as follows:

	Property, plant and equipment RM	Others RM	Total RM
At 1 January 2008	9,209,228	50,198	9,259,426
Recognised in the income statement	541,330	(50,198)	491,132
At 31 December 2008	9,750,558	-	9,750,558
Recognised in the income statement	514,686	-	514,686
Recognised in equity	582,508	341,126	923,634
At 31 December 2009	<u>10,847,752</u>	<u>341,126</u>	<u>11,188,878</u>

25. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 days.

26. OTHER PAYABLES

Included in other payables of the Group is an amount of RM445,005 (2008: Nil) due to suppliers of property, plant and equipment.

27. COMMITMENT

	Group	
	2009 RM	2008 RM
Capital expenditure:		
Approved and contracted for property, plant and equipment	<u>1,536,000</u>	-

Notes to the Financial Statements - 31 December 2009 (Cont'd)

28. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

The Company had the following transactions with related parties during the financial year:

	Company	
	2009	2008
	RM	RM
Dividends received from a subsidiary	6,250,000	4,760,000
Payments on behalf by a subsidiary	445,801	250,939
Funds transfer from a subsidiary	37,902,315	3,962,415

The directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

(b) Compensation of key management personnel

The remuneration of executive directors during the year was as follows :

	Group	
	2009	2008
	RM	RM
Salaries and other emoluments	1,260,000	1,260,000
Fees	150,000	150,000
Bonus	315,000	105,000
Defined contribution plan	299,250	259,350
	2,024,250	1,774,350

Executive directors of the Group and the Company have been granted the following number of options under the Employee Share Options Scheme ("ESOS").

	Group and Company	
	2009	2008
	RM	RM
At 1 January/31 December	2,940,000	2,940,000

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 21).

29. SEGMENT INFORMATION

The segmental information is not prepared as the Group is principally involved in manufacturing and trading of plastic products which is predominantly carried out in Malaysia.

Notes to the Financial Statements - 31 December 2009 (Cont'd)

30. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December 2009. The investment in financial assets are short term in nature and they are not held for speculative purposes but have been mostly placed in short term highly liquid investments which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

(c) Foreign exchange risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Singapore Dollar, Japanese Yen, and Indonesia Rupiah. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies are kept to an acceptable level.

The net unhedged financial assets/(financial liabilities) of the Group that are not denominated in their functional currencies are as follows:

	Group	
	2009 RM	2008 RM
United States Dollar	(7,475,129)	3,903,355
Singapore Dollar	6,610,211	3,665,053
Japanese Yen	1,014,183	1,546,375
Indonesia Rupiah	1,090,135	1,047,902
	1,239,401	10,162,685

As at balance sheet date, the Group has entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Maturity	Group Notional amount	
		2009	2008
		RM	RM
Forwards used to hedge anticipated sales			
- Japanese Yen	Within 1 month	1,240,181	-

Notes to the Financial Statements - 31 December 2009 (Cont'd)

30. FINANCIAL INSTRUMENTS (Cont'd)

(d) Credit risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(e) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(f) Fair values

The carrying amounts of term loans approximate fair values as the interest rates charged are close to market interest rates for loans of similar risk profile as at balance sheet date.

The carrying amounts of other financial assets and liabilities approximate their fair values due to their relatively short maturity period.

Analysis of Shareholdings

as at 31 March 2010

Authorized Capital	:	RM200,000,000 divided into 400,000,000 shares of RM0.50 each
Issued and fully paid-up	:	180,120,750 ordinary shares of RM0.50 each
Class of shares	:	RM0.50 ordinary Share
Voting Rights	:	1 vote per ordinary shares
Number of Shareholders as at 31 March 2010	:	1,942

Distribution of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	21	1.08	978	0.00
100 – 1,000	48	2.47	20,747	0.01
1,001 – 10,000	1,219	62.77	5,053,575	2.80
10,001 – 100,000	587	30.23	17,662,100	9.81
100,001 – 9,005,786* ¹	63	3.24	44,878,350	24.92
9,005,787 and above ** ¹	4	0.21	112,500,000	62.46
Total	1,942	100.00	180,115,750	100.00

Note:

(*) means less than 5% of issued and paid-up share capital

(**) means 5% and above of issued and paid-up share capital

(¹) excluding a total of 5,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 31 March 2010.

Substantial Shareholders as at 31 March, 2010

The Substantial shareholders of BP Plastics Holding Bhd (holding 5% or more of the capital) based on the Register of Substantial shareholdings of the Company and their respective shareholdings are as follows:-

Name of Directors	Direct Interest		Indirect Interest	
	No of shares held	% ¹	No of Shares held	% ¹
LG Capital Sdn Bhd	81,000,000	44.97	0	0
Hey Shiow Hoe	10,499,998	5.83	81,000,000*	44.97
Lim Chun Yow	10,500,003	5.83	81,000,000*	44.97
Tan See Khim	10,499,999	5.83	81,000,000*	44.97

Note:

(*) Deemed interested by virtue of his shareholding more than 15% in LG Capital Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(¹) excluding a total of 5,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 31 March 2010.

Analysis of Shareholdings as at 31 March 2010 (Cont'd)

Directors' Interests in Related Corporations as at 31 March, 2010

By virtue of their interests in the shares of the Company, Mr. Hey Shioh Hoe, Mr. Lim Chun Yow and Mr. Tan See Khim are deemed interested in shares of all Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the Directors in office had any interest in the shares in the Company or its related corporations as at 31 March, 2010.

Directors' Shareholdings as at 31 March, 2010

The Directors of BP Plastics Holding Bhd based in Register of Directors' shareholding and their respective shareholdings are as follows :-

Name of Directors	No of Option Granted over shares of RM0.50 each±	No of Options exercised	Direct Interest		Indirect Interest	
			No of shares held	% ¹	No of Shares held	% ¹
Hey Shioh Hoe	980,000	0	10,499,998	5.83	81,165,000*	45.06
Lim Chun Yow	980,000	0	10,500,003	5.83	81,165,000*	45.06
Tan See Khim	980,000	0	10,499,999	5.83	81,165,000*	45.06
Boo Chin Liong	100,000	0	27,000	0.02	-	-
Koh Chin Koon	100,000	0	27,000	0.02	-	-
Lim Kim Hock	0	0	0	0	-	-

Note:

(*) Deemed interested by virtue of :-

- i) His shareholding more than 15% in LG Capital Sdn Bhd pursuant to Section 6A of the Companies Act, 1965; and
- ii) His shareholding through his spouse pursuant to Section 134(12)(c) of the Companies Act, 1965.

(¹) excluding a total of 5,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 31 March 2010.

Thirty Largest Shareholders as at 31 March, 2010

No.	Shareholders	No. of Shares	% ¹
1	LG CAPITAL SDN BHD	81,000,000	44.97
2	LIM CHUN YOW	10,500,003	5.83
3	TAN SEE KHIM	10,499,999	5.83
4	HEY SHIOH HOE	10,499,998	5.83
5	GOH SUU HOK	7,500,000	4.16
6	LEE WEI JANG	7,500,000	4.16
7	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAMALUDIN BIN CHE MURAD	6,165,900	3.42
8	TAY KHIANG PUANG	5,543,250	3.08

Analysis of Shareholdings as at 31 March 2010 (Cont'd)

Thirty Largest Shareholders as at 31 March, 2010 (Cont'd)

No.	Shareholders	No. of Shares	% ¹
9	CHENG WEE KIONG	2,676,150	1.49
10	GAN HONG LIANG	1,196,250	0.66
11	LIM CHIN SIONG	825,300	0.46
12	LIM KEW SENG	795,150	0.44
13	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SAI LIM	767,500	0.43
14	CHENG ENG LEONG	650,000	0.36
15	CHONG ING KONG	600,000	0.33
16	TAN SOON LAN	490,250	0.27
17	ELITE VENTURES SDN BHD	471,750	0.26
18	ABD.HAMID BIN IBRAHIM	450,000	0.25
19	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HONG KIM FOOK	406,500	0.23
20	PERMODALAN PELADANG BERHAD	375,000	0.21
21	MD RASID BIN MOHAMAD	345,150	0.19
22	FU AH GOH @ FOO SEK CHENG	311,350	0.17
23	QUAH LAKE JEN	303,750	0.17
24	HADIAN BIN HASHIM	300,000	0.17
25	SEE LEONG CHYE @ SZE LEONG CHYE	292,500	0.16
26	OOI CHOI KIAT	280,700	0.16
27	NG MING TIONG	278,500	0.15
28	SEE EWE BENG	255,000	0.14
29	ER HOCK LAI	225,000	0.12
30	TANG THENG KOW	208,000	0.12

(1) excluding a total of 5,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 31 March 2010.

List Of Group Properties

Title/Location	Tenure/Date of Expiry of Lease	Land/ Built up area	Description/ (Existing Use)	Estimated Age of Buildings (years)	Date of Issuance of Certificate of Fitness	Net Book Value (RM'000)	The date of last revaluation/ (Acquisition)
No P.T.D. : 30911 No H.S.(D) : 32035 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 10, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 21,600 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Warehouse)	6	19.11.2003	1,990	31-Dec-09
No P.T.D. : 31030 No H.S.(D) : 32034 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 26,120 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory and Double-Storey Office Building (Office)	Single-Storey Detached Factory - 15 years Double-Storey Office Building - 13 years	08.06.1994 28.08.1996	2,020	31-Dec-09
5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.							
No P.T.D. : 31039 No H.S.(D) : 32031 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 5, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 15,000 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory an-annex with Double-Storey Office and Single-Storey Detached Factory (Factory)	12	29.04.1997	1,780	31-Dec-09

List Of Group Properties (Cont'd)

Title/Location	Tenure/Date of Expiry of Lease	Land/ Built up area	Description/ (Existing Use)	Estimated Age of Buildings (years)	Date of Issuance of Certificate of Fitness	Net Book Value (RM'000)	The date of last revaluation/ (Acquisition)
No P.T.D. : 31031 No H.S.(D) : 32033 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 5B, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 23,100 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory)	6	28.05.2003	2,390	31-Dec-09
No P.T.D. : 35099 No H.S.(D) : 38296 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 8, Jalan Wawasan 4, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 05.10.2057	1.5 Acres/ 39,600 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory)	8	07.11.2001	3,310	31-Dec-09
No Hakmilik : GM 1359 Lot No.: 2408 Daerah : Batu Pahat Mukim : Linau Negeri : Johor	Freehold	3.2687 Acres	A parcel of Agricultural Land (Vacant)	NA	NA	410	31-Dec-09
No P.T.D. : 29032 No H.S.(D) : 28431 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor Lot PTD 29032, Jln Wawasan 3, Kaw. Perindustrian Sri Gading, Batu Pahat, Johor.	Leasehold 60 years/ 21.09.2052	10 Acres/ 115,200 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory)	4	07.04.2006	10,000	31-Dec-09

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of BP PLASTICS HOLDING BHD ("the Company" or "BPPLAS") will be held at Emerald Room, Level 2, Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor on Monday, 24 May 2010 at 2.00 p.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December, 2009 together with the Reports of the Directors and Auditors thereon.
(Please refer Explanatory Note 1)
2. To approve the declaration of a First and Final Tax Exempt Dividend of 6% (3 sen per share) for the financial year ended 31 December, 2009.
(Ordinary Resolution 1)
3. To approve the payment of Directors' fee of RM222,000.00 for the financial year ended 31 December, 2009.
(Ordinary Resolution 2)
4. To re-elect the following retiring Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with the Article 92 of the Company's Articles of Association :-
 - i) Mr. Koh Chin Koon *(Ordinary Resolution 3)*
 - ii) Mr. Lim Kim Hock *(Ordinary Resolution 4)*
5. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December, 2010 and to authorize the Directors to fix the Auditors' remuneration.
(Ordinary Resolution 5)

AS SPECIAL BUSINESS :-

To consider and if thought fit, to pass with or without modifications, the following resolutions:-

6. Authority To Issue Share Pursuant To Section 132D of the Companies Act, 1965.

"That subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant government / regulatory authorities, the Directors be and are hereby authorized, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company to such persons and upon such terms and conditions for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares to be issued."

(Ordinary Resolution 6)

(Please refer Explanatory Note 2)

Notice of Annual General Meeting (Cont'd)

7. Proposed Renewal of Authority for the Purchase by BPPLAS of its Own Shares (“Proposed Share Buy-Back”)

“That, subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and the requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authorities, the Company be and are hereby authorised to purchase such number of ordinary shares of RM0.50 each in BPPLAS as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company;

AND THAT the maximum amount of funds to be utilised for the purpose of the Proposed Share Buy-Back shall not exceed the Company’s aggregate retained profits or share premium account;

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- i. the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time the authority shall lapse, unless renewed by an ordinary resolution passed by the shareholders of the Company in a general meeting either unconditionally or subject to conditions; or
- ii. the expiration of the period within which the next AGM is required by law to be held; or
- iii. revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND THAT the Directors be and are hereby authorised to act and to take all steps and do all things as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Share Buy-Back AND FURTHER THAT authority be and is hereby given to the Directors to decide in their absolute discretion to either retain the ordinary shares of RM0.50 each in BPPLAS purchased by BPPLAS pursuant to the Proposed Share Buy-Back as treasury shares to be either distributed as share dividends or resold on Bursa Securities or subsequently cancelled, or to cancel the shares so purchased, or a combination of both.”

(Ordinary Resolution 7)
(Please refer Explanatory Note 3)

8. Proposed Amendment to the Company’s Memorandum of Association of BPPLAS (“Proposed Amendment to MA”)

“THAT, subject to the approval from the relevant authorities, Clause (6) of the Memorandum of Association of BPPLAS be amended by deleting the existing Clause (6) in its entirety and substituting the following new Clause (6) thereof:-

Existing Clause (6)

The authorised share capital of the Company is Ringgit Malaysia One Hundred Million (RM100,000,000/-) divided into Two Hundred Million (200,000,000/-) ordinary shares of Fifty Sen (RM0.50) each. The shares in the original or any increase capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

New Clause (6)

The authorised share capital of the Company is Ringgit Malaysia **Two Hundred Million (RM200,000,000/-)** divided into **Four Hundred Million (400,000,000/-)** ordinary shares of Fifty Sen (RM0.50) each. The shares in the original or any increase capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

AND FURTHER THAT the Board be and is hereby authorised to give full effect to the Proposed Amendment to MA with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts and things as they may consider necessary or expedient in the best interest of the Company to give effect to the Proposed Amendment to MA.”

(Special Resolution 1)
(Please refer Explanatory Note 4.1)

Notice of Annual General Meeting (Cont'd)

9. Proposed Amendments to the Company's Articles of Association of BPPLAS ("Proposed Amendments to AA")

"THAT, subject to the approval from the relevant authorities, Article (7) and Article (161) of the Articles of Association of BPPLAS be and are hereby amended in the following manner :-

i) Article (7) of the Articles of Association of BPPLAS

"That Article (7) of the Articles of Association of BPPLAS be amended by deleting the existing Article (7) in its entirety and substituting the following new Article (7) thereof :-"

Existing Article (7)

The authorised share capital of the Company at the adoption of these Articles is Ringgit Malaysia One Hundred Million (RM100,000,000/-) divided into Two Hundred Million (200,000,000/-) ordinary shares of Fifty Sen (RM0.50) each

New Article (7)

The authorised share capital of the Company at the adoption of these Articles is Ringgit Malaysia **Two Hundred Million (RM200,000,000/-)** divided into **Four Hundred Million (400,000,000/-)** ordinary shares of Fifty Sen (RM0.50) each.

(Please refer Explanatory Note 4.1)

ii) Article (161) of the Articles of Association of BPPLAS

"That Article (161) of the Articles of Association of BPPLAS be amended by deleting the existing Article (161) in its entirety and substituting the following new Article (161) thereof:-"

Existing Article (161)

Payment by post and discharge

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, to such person and to such address as the holder may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge of the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.

New Article (161)

Payment by **Telegraphic Transfer or Electronic Transfer or by cheque**

Subject to the provisions of the Listing Requirements and the Rules, any dividend, interest or other money payable in cash in respect of shares shall be paid by way of telegraphic transfer or electronic transfer or remittance or direct crediting to such account as designated by the holder or the person entitled to such payment and the Company shall provide electronic notification to such holder and the person entitled to such payment whose contact details are available from Depository once the Company has paid such payment by way of telegraphic transfer or electronic transfer or remittance or direct crediting to such account as designated by them. In the event such holder or person entitled to such payment does not provide account information in accordance with the Rules and Central Depository Act, any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, to such person and to such address as the holder may in writing direct. Every such cheque or warrant **or telegraphic transfer or electronic transfer or remittance or direct crediting shall be made payable to the order of the person to whom it is sent **and in accordance with the Rules**, and the payment of any such cheque or warrant **or telegraphic transfer or electronic transfer or remittance or direct crediting** shall operate as a good **and full** discharge **by** the Company in respect of the **payment** represented thereby, notwithstanding that **in the case of payment by cheque or warrant**, it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant **or telegraphic transfer or electronic transfer or remittance or direct crediting** shall be sent at the risk of the person entitled to the money thereby represented.**

Notice of Annual General Meeting (Cont'd)

9. Proposed Amendments to the Company's Articles of Association of BPPLAS ("Proposed Amendments to AA") (cont'd)

AND FURTHER THAT the Board be and is hereby authorised to give full effect to the Proposed Amendments to AA with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts and things as they may consider necessary or expedient in the best interest of the Company to give effect to the Proposed Amendments to AA."

(Special Resolution 2)
(Please refer Explanatory Note 4.2)

10. To transact any other ordinary business of which due notice has been given in accordance with the Companies Act, 1965.

NOTICE OF FINAL DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders of the Company at the Sixth Annual General Meeting, a first and final tax exempt dividend of 6% (3 sen per share) in respect of the financial year ended 31 December, 2009 will be payable on 5 July 2010 to depositors who are registered in the Record of Depositors at the close of business on 16 June 2010.

A depositor shall qualify for entitlement only in respect of: -

- a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 16 June 2010 in respect of ordinary transfers;
- b) Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 16 June 2010 in respect of the securities exempted from mandatory deposit; and
- c) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TEO SOON MEI
(MAICSA 7018590)
Company Secretary

Melaka
30 April 2010

Notice of Annual General Meeting (Cont'd)

Explanatory Notes:-

1. Item 1 of the Agenda

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

2. Item 6 of the Agenda

The Ordinary Resolution 6 is proposed for the purpose of granting a renewed general mandate ("General Mandate"), if passed, will empower the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up capital of the Company for the time being as the Directors may consider such action to be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or during the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 26 May 2009 and which will lapse at the conclusion of the Sixth Annual General Meeting.

The General Mandate will provide flexibility to the Company for allotment of shares via the exercise of the Employees' Share Option Scheme by its employees and directors and for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

3. Item 7 of the Agenda

The proposed Ordinary Resolution 7, is proposed for the purpose of renewing the authority granted by the shareholders of the Company at the last Annual General Meeting of the Company held on 26 May 2009. The proposed renewal, if passed, will empower the Directors to purchase BPPLAS shares through Bursa Malaysia Securities Berhad up to ten per centum of the issued and paid-up share capital of the Company at any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Detailed information on the Proposed Share Buy-Back is set out in the Share Buy-Back Statement in relation to the proposed renewal of authority for the purchase by BPPLAS of its own shares dated 30 April 2010 despatched together with the 2009 Annual Report of the Company.

4. Items 8 and 9 of the Agenda

4.1 An ordinary resolution has been passed by the shareholders of the Company at the Extraordinary General Meeting of the Company which was held on 10 June 2008 ("EGM") to increase in authorised share capital of the Company from RM100 million comprising 200 million ordinary shares of RM0.50 each to RM200 million comprising 400 million ordinary shares of RM0.50 each by the creation of an additional 200 million new ordinary shares of RM0.50 each (hereinafter referred to as "the Increase in Authorised Share Capital"). The Memorandum and Articles of Association of BPPLAS are proposed to be amended, to bring the Memorandum and Articles of Association of BPPLAS in line with the Increase in Authorised Share Capital, by the alteration, modifications and/or deletions, wherever necessary,

whereby the affected existing Clause (6) of the Memorandum of Association of BPPLAS and the affected existing Article (7) of Articles of Association of BPPLAS are reproduced herewith, with the proposed amendments to the Memorandum and Articles of Association of BPPLAS, in bold, alongside it.

4.2 The Article (161) of the Article of Association of BPPLAS is proposed to be amended, to facilitate the implementation of the Electronic Dividend Payment or eDividend pursuant to the Directive issued by Bursa Malaysia Securities Berhad dated 19 February 2010, by the alteration, modifications, deletion and/or additions, wherever necessary, whereby the affected existing Article (161) is reproduced herewith, with the proposed amendments to Articles (161) of the Article of Association of the Company, in bold, alongside it.

Notes:

1. A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than (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.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, whether under its seal or under the hand of an officer or attorney duly authorized.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notarially certified true copy of that power or authority shall be deposited at the Registered Office of the Company at 5A Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor not less than 48 hours before the time for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
5. The right of Foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Articles of Association of the Company.
6. In respect of deposited securities, only Member whose names appear in the Record of Depositors on 14 May 2010 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

2009 ANNUAL REPORT OF THE COMPANY :

The 2009 Annual Report of the Company is in the CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholders within 4 market days from the date of receipt of the verbal or written request. Shareholders who wish to receive the printed copy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Mr. Lim Chun Yow at Tel. No.07-4557633 or fax the request form for printed copy of Annual Report at Fax No.07-4556799 or send the request form to 5A Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor. You may also e-mail your request for printed copy of the Annual Report to IR@bpplas.com

STATEMENT ACCOMPANYING THE NOTICE OF SIXTH ANNUAL GENERAL MEETING

DIRECTORS STANDING FOR RE-ELECTION

Details of the particulars of all the retiring Directors namely, Mr. Koh Chin Koon and Mr. Lim Kim Hock are set out in page 7 of the Annual Report of the Company for the financial year ended 31 December 2009.

Directors who are retiring and standing for re-election at the Sixth Annual General Meeting of the Company to be held at Emerald Room, Level 2, Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor on Monday, 24 May 2010 at 2.00 p.m. are as follows:-

1. Mr. Koh Chin Koon, the Director who is retiring and standing for re-election in accordance to Article 92 of the Company's Articles of Association; and
2. Mr. Lim Kim Hock, the Director who is retiring and standing for re-election in accordance to Article 92 of the Company's Articles of Association.

A total of Six (6) Board of Directors' Meetings were held during the financial year ended 31 December 2009 and all of the Board of Directors' meetings were held at No. 1, Jalan Wawasan 3, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor except the Board of Directors' Meeting held on 26 May 2009, which was held at Emerald Room, Level 2, Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor. Attendance record of the retiring directors for the board meetings held during the financial year ended 31 December 2009 is as follows:-

Name of Director	Date of Appointment	No. of Meetings Attended
Mr. Koh Chin Koon	3 September 2004	6/6
Mr. Lim Kim Hock	22 February 2008	6/6

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Proxy Form

Number of Shares Held

I/We _____
(Full Name in Capital Letters)

of _____
(Full Address)

being a *Member/Members of BP PLASTICS HOLDING BHD, do hereby appoint _____

_____ (Full Name in Capital Letters)

of _____ (Full Address)

or failing him, _____ (Full Name in Capital Letters)

of _____ (Full Address)

as *my/our proxy to vote for *my/our behalf at the Sixth Annual General Meeting to be held at Emerald Room, Level 2, Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor on Monday, 24 May, 2010 at 2.00 p.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain for voting as his discretion.

No.	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the year ended 31 December, 2009 together with the Reports of the Directors and Auditors thereon.			
2.	To approve the declaration of a First and Final Tax Exempt Dividend of 6% (3 sen per share) for the financial year ended 31 December, 2009.	1		
3.	To approve the payment of Directors' fee of RM222,000.00 for the financial year ended 31 December, 2009.	2		
4.	To re-elect the following retiring Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with the Article 92 of the Company's Articles of Association :-			
	i) Mr. Koh Chin Koon	3		
	ii) Mr. Lim Kim Hock	4		
5.	To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December, 2010 and to authorize the Directors to fix the Auditors' remuneration.	5		
6.	Authority to issue share pursuant to Section 132D of the Companies Act, 1965.	6		
7.	Proposed Share Buy-Back.	7		
8.	Proposed Amendment to MA.	Special Resolution 1		
9.	Proposed Amendments to AA.	Special Resolution 2		

* Strike out whichever not applicable.

As witness my/our hand this _____ day of _____, 2010

Signature of Member/Common Seal

NOTES:

- A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
- Where a member is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than (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.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, whether under its seal or under the hand of an officer or attorney duly authorized.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notarially certified true copy of that power or authority shall be deposited at the Registered Office of the Company at 5A Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor not less than 48 hours before the time for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
- The right of Foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositorues) (Foreign Ownership) Regulations 1996 and the Articles of Association of the Company.
- In respect of deposited securities, only Member whose names appear in the Record of Depositors on 14 May 2010 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

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STAMP

The Secretary
BP PLASTICS HOLDING BHD
(Company No. 644902-V)

5A Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim

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