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

BPPLAS

Stretching beyond

2010 ANNUAL REPORT

INFINITY™ Stretch Film
HILLPLUS Stretch Film
PRIORITY MACHINE WRAP
PRIORITY MACHINE WRAP

BP PLASTICS HOLDING BHD (644902-V)   Annual Report 2010

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 6799

www.bpplas.com

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 quality 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.

BPPLAS VISION AND MISSION

contents

CORPORATE DATA

BOARD OF DIRECTORS

Lim Chun Yow
Chairman and Managing Director

Tan See Khim
Executive Director

Hey Shiow Hoe
Executive Director

Boo Chin Liong
Independent Non-Executive Director

Koh Chin Koon
Independent Non-Executive Director

Lim Kim Hock
Independent Non-Executive Director

COMPANY SECRETARY

Chua Siew Chuan (MAICSA 0777689)

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 Pertam, 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 Board of the Bursa Malaysia Securities Berhad
(Listed on 23rd February, 2005)

PRINCIPAL BANKERS

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
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
- **Tay Peh Hwee** (Member)
  Plant Manager
- **Koh Chu How** (Member)
  Marketing Manager
- **Jau Ser Boon** (Member)
  Maintenance Manager

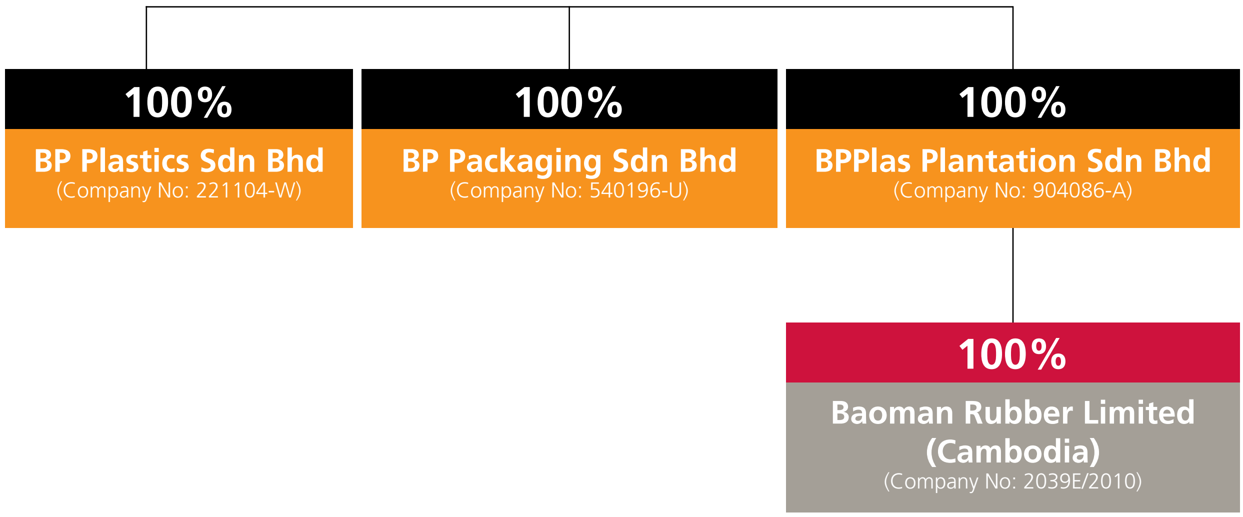
INVESTOR RELATIONS

- **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)
BPPLAS



CORPORATE PROFILE

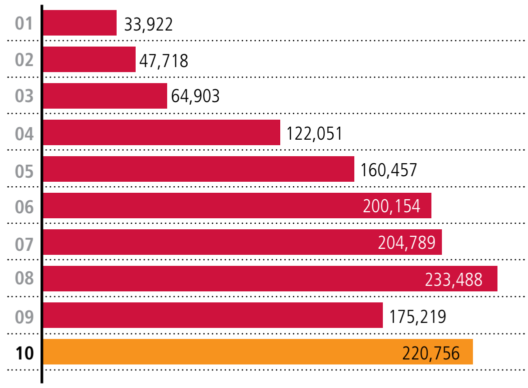
BP Plastics Holding Bhd, an investment holding and provision of management services company, was incorporated in Malaysia under the Companies Act, 1965 on 9 March, 2004.

The principal actvities of its subsidiaries are as follows:-

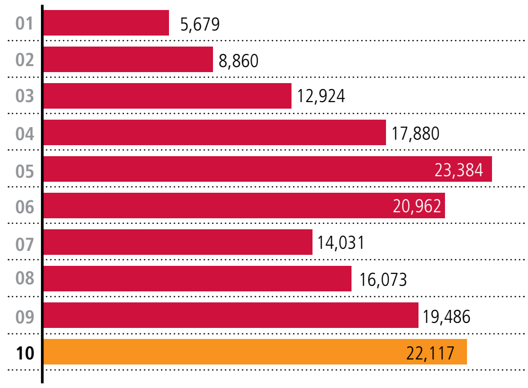
Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
BP Plastics Sdn Bhd *(Company No: 221104-W)*	18 July, 1991/ Malaysia	100	Manufacturing
BP Packaging Sdn Bhd *(Company No: 540196-U)*	23 February, 2001/ Malaysia	100	Trading
BPPlas Plantation Sdn Bhd *(Company No: 904086-A)*	10 June, 2010/ Malaysia	100	Dormant
Baoman Rubber Limited *(Company No: 2039E/2010)*	5 October, 2010/ Cambodia	100	Dormant

PAST YEARS FINANCIAL HIGHLIGHTS

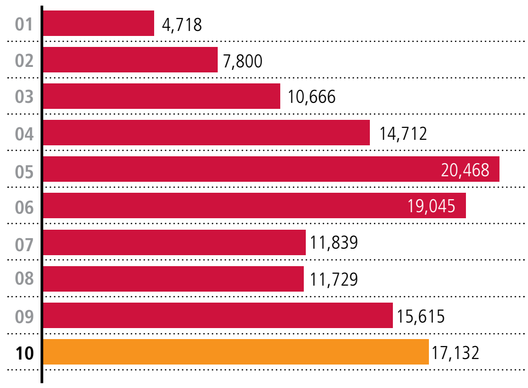
TURNOVER (RM'000)



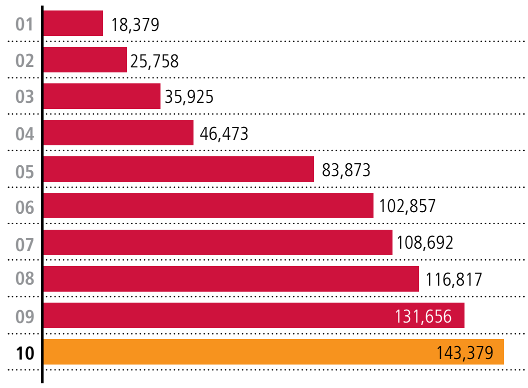
PROFIT BEFORE TAX (RM'000)



PROFIT AFTER TAX (RM'000)



SHAREHOLDERS' FUND (RM'000)



	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
TURNOVER	33,922	47,718	64,903	122,051	160,457	200,154	204,789	233,488	175,219	**220,756**
EBITDA	8,163	11,172	15,303	21,389	27,488	26,582	19,888	22,544	26,234	**29,424**
PROFIT BEFORE TAX	5,679	8,860	12,924	17,880	23,384	20,962	14,031	16,073	19,486	**22,117**
PROFIT AFTER TAX	4,718	7,800	10,666	14,712	20,468	19,045	11,839	11,729	15,615	**17,132**
SHAREHOLDERS' FUNDS	18,379	25,758	35,925	46,473	83,873	102,857	108,692	116,817	131,656	**143,379**
ROE	29.45%	35.34%	34.58%	35.71%	31.41%	20.40%	11.19%	10.40%	12.57%	**12.46%**
NON CURRENT ASSET	19,970	21,049	36,325	37,543	64,158	67,598	72,074	67,217	70,392	**67,144**
ROA	23.63%	37.06%	29.36%	39.19%	31.90%	28.17%	16.43%	17.45%	22.18%	**25.52%**
EPS *	3.93	6.50	8.89	12.26	17.06	15.86	9.86	6.51	8.67	**9.51**
Net Div (sen)	na	na	na	na	7	5	3	2	3	**4**
NTA per share (RM)	na	na	na	0.57	0.72	0.86	0.91	0.65	0.73	**0.80**

* based on 120 Million shares for 2001 to 2005, 120.08 Million shares for 2006 to 2007, 180.12 Million shares for 2008 to 2009 and 180.11 Million share for 2010

Note : The financial figures for 2001 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 2001

BOARD OF DIRECTORS

From left to right
Mr Boo Chin Liong, Mr Koh Chin Koon, Mr Lim Kim Hock, Mr Hey Shiow Hoe, Mr Lim Chun Yow, Mr Tan See Khim

BOARD OF DIRECTORS
(cont'd)

LIM CHUN YOW

Age : 48

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 ESOS Committee of the Company.

Number of Board Meetings Attended in the Financial Year : 7/7

TAN SEE KHIM

Age : 47

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 : 7/7

BOARD OF DIRECTORS
(cont'd)

HEY SHIOW HOE

Age : 48

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 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 : 7/7

BOO CHIN LIONG

Age : 50

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 Poh Huat Resources Holdings Bhd, a company 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 : 7/7

BOARD OF DIRECTORS
(cont'd)

KOH CHIN KOON

Age : 41

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 SKP Resources 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 : 7/7

LIM KIM HOCK

Age : 45

Nationality : Malaysian

Position in the Company : Independent Non-Executive Director

Qualification : 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 and Occupation : 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 is an Independent Non-Executive Director 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 : 7/7

SETTING NEW
STRATEGIC STANDARD

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 Mr. Hey Shiow Hoe. They are the Directors and substantial shareholders of the Company. Mr. Lim Chun Yow, Mr. Hey Shiow Hoe and Mr. Tan See Khim are also Directors and substantial shareholders of LG Capital Sdn. Bhd. (substantial shareholder of the Company).

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

SHARE BUY-BACK

During the financial year ended 31 December 2010, BP Plastics Holding Bhd ("BPPLAS") bought back a total of 10,000 of its ordinary shares of RM0.50 each from the open market with the details as follows:-

Monthly Breakdown 2010	Number of BPPLAS Shares bought back	Buy Back Price Per BPPLAS Ordinary Shares (RM)			Average Cost Per Ordinary Shares* (RM)	Total Cost* (RM)
		Lowest	Highest	Average		
June	10,000	0.62	0.62	0.62	0.62	6,248.86
Total	10,000	0.62	0.62	0.62	0.62	6,248.86

(*) Inclusive of transaction cost

All the Shares bought back are held as treasury shares in accordance with Section 67A Subsection (3A)(b) of the Companies Act, 1965. As at 31 December 2010, a total of 15,000 BPPLAS Shares bought back were held as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year ended 31 December 2010, options amounting to 3,080,000 were granted to eligible employees and directors of the Company on 6 April 2010 under the Employees' Share Option Scheme ("ESOS").

No options granted under the ESOS was exercised during the financial year ended 31 December 2010.

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

During the financial year, BPPLAS did not sponsor any Depository Receipt Programmes.

SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on BPPLAS, by any regulatory bodies during the financial year ended 31 December 2010.

NON-AUDIT FEES

The amount of non-audit fee paid to the External Auditors by the Group during the financial year ended 31 December 2010 amounted to RM17,300/-.

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

(cont'd)

VARIATION IN RESULTS

There were no variances of 10% or more between the audited results and the unaudited results for the financial year ended 31 December 2010.

PROFIT FORECAST / PROFIT GUARANTEE

There were no profit guarantees given by BPPLAS in the financial year ended 31 December 2010.

MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest, in the financial year ended 31 December 2010.

REVALUATION POLICY ON LANDED PROPERTIES

The Company has adopted a revaluation policy on landed properties. Revaluation is performed with sufficient regularity to ensure that the fair value of the revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. 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.

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 have been convicted of any offences within the past ten (10) years other than traffic offences, if any.

CONFLICT OF INTERESTS

Save as disclosed below, none of the Directors and substantial shareholders of the Company are engaged in any related party transactions with the Group and its related parties. The related party transactions, are transactions entered into by the Company and its subsidiaries which involve the interest, direct or indirect, of a related party:-

(a) Pursuant to a written agreement dated 1 September, 2004 entered into between BP Plastics Sdn Bhd and Madam Hey Sio Tong ("HST"), the spouse of Mr. Tan See Khim, and sister of Mr. Hey Shiow Hoe, BP Plastics Sdn. Bhd. is renting an apartment bearing the postal address A-05-04, Vista Komanwel, Bukit Jalil, 57000 Kuala Lumpur and measuring approximately 1,422 square feet from Madam Hey at a monthly rental of RM1,100/-.

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 Registrar of Directors' shareholdings are set out in the Directors' Report, pages 36 to 39 of the Annual Report.

CHAIRMAN'S STATEMENT

Dear Shareholders of BP Plastics Holding Bhd.,

On 1st May, 2010, the Group celebrated its 20th Year Anniversary with the theme, "Stretching Beyond" with our employees and stakeholders. Indeed, it was a proud moment for all participants to witness the transformation of BPPLAS' from a small cottage industry to one of the largest Polyethylene (PE) Film Manufacturers in Malaysia specializing in Cast Stretch Film and Blown PE Film utilised by a broad market spectrum.

On behalf of our Board of Directors, I am indeed honoured to present our Annual Report together with the Audited Financial Statements for the year ended 31st December 2010 (FY 2010).

FINANCIAL PERFORMANCE

The BPPLAS Group had successfully withstand the volatile period of 2009, delivering an improved Sales Revenue of RM220 million and Profit Before Tax of RM22.1 million in FY2010 as compared to Revenue of RM175.2 million in FY2009 and Profit Before Tax of RM19.5 million in FY2009.

Higher Revenue and Profit Before Tax were attributed to the management's strategic decision to focus on new product innovation, cost control and streamlining of our core products which the Group has competitive advantage, both in the domestic and global market.

The Group's continued discipline in its vision to leverage on its superior state-of-the art equipment and its focus on its human capital led to the provision of market cost competitive and high quality products exceeding our customers' expectation worldwide.

Meanwhile, our strong cash flow position and prudent financial management has also contributed to our Profit After Tax of RM17.1 million in FY2010 as compared to RM15.6 million in FY2009. The Group's performance in FY2010 has been commendable against the back drop of fragile market recovery during 1H 2010, volatile exchange rate movements, strong Ringgit Malaysia appreciation and high food, fuel and commodity prices which hiked the operating costs of doing business.

EPS improved to 9.51 Sen in FY2010 from 8.67 Sen in FY2009 in line with the overall improvements.

DIVIDEND

In conjunction with our 20 years anniversary celebration and in view of our improved performance, the Board has declared an interim tax exempt dividend of 4 sen per share to reward our shareholders for their continuous support and unwavering commitment. The dividend was effected to our shareholders' e-Dividend account on 25th March 2011.

No final dividend is proposed for FY2010 since the interim dividend payment of RM7.2 million (RM5.4 million in FY 2009) which is approximately 42% of Profit After Tax, has already exceeded the board's aspiration to distribute 20% to 40% Profit After Tax to our valuable shareholders. Since listing on Bursa Malaysia in 2005, the board has consistently returned about 30% to 42% of the Group's Profit After Tax to reward our shareholders for their invaluable support.

CHAIRMAN'S STATEMENT
(cont'd)

CORPORATE GOVERNANCE

As the fast changing business landscape and volatility of global economy increases, the Board of Directors shall exert the pivotal role to provide vision, clarity and guidance to the management team to take proactive strategies to anticipate potential business risks and ensuring that proper internal controls are in place at our major processes to strike a balance within the organization to continue its pursuit of business expansion without losing our competitiveness and profitability. Besides being accredited with the Quality Management System (QMS 9001), Environmental Safety and Health (EHS 14001 & 18001), the Group shall continue to outsource our internal audit function to qualified auditors to perform regular audits and review on the Group's business policies and operating procedures, to benchmark with best practices worldwide for continuous improvement and enhancement. Detailed information can be obtained from the Group's Corporate Governance Statement.

OUTLOOK AND PROSPECTS

The Asian economy has emerged from the global financial crisis in 2010 with the assistance of the rebalancing growth strategy adopted by the G20 to boost private domestic consumption which aided the recovery of the large base domestic market countries such as China, India and Indonesia.

Despite the uneven global economic recovery in different parts of the world, the continuing growth momentum in emerging and developing Asia, high consumer confidence and increasing private consumption shall serve to propel Asia for a solid growth in 2011.

The challenges faced by emerging and developing Asian countries are the management of the massive capital flows into its markets causing potential asset class bubbles and inflationary pressures. At the moment, increasingly expensive and persistent high food, fuel and commodity prices caused by loose monetary policies in the US coupled by erratic weather conditions has led to short supply of food essentials have triggered tensions and social unrest in North Africa and Middle Eastern countries.

The high inflationary pressure could continue asserting higher food, fuel and commodity prices but on the other hand, the positive impact in the improvements of rural incomes in many South East Asian countries thus improving demand for more related essential goods which augurs well for BPPLAS Group.

Having said that, similar scenario of high energy and commodity prices, increased manufacturing exports and rebalancing growth strategy will lead to more focus on domestic investment and private consumption, which propelled Malaysia to record an impressive 7.2% GDP growth rate in 2010. Since last year, the Malaysian government has set a clear vision to double the per capital income by 2020.

To realize this vision, the Malaysian government has mapped out multi-pillar strategy via public and private sectors transformation. The government will adopt the Government Transformation Plan (GTP) to concentrate on improving corporate governance and delivery of public goods and encourage more private sector investment initiatives under the Economic Transformation Program (ETP) to achieve Malaysia's New Economic Model (NEM). On average, Malaysia needs to achieve 6% GDP growth per annum for the next decade.

With the improvement of confidence in the global business and perceived improvements in corporate earnings visibility, the Group has determine to increase existing capacity by acquiring a brand new 3 -Meter stretch film line with total CAPEX of RM13 million to be commissioned by the 4th quarter of 2011. The investment shall increase the Group production capacity, product mixes and increase efficiency in servicing our customers worldwide as the demand for packaging products will further improve along with anticipated global business recovery.

The Group shall continue to pursue growth on an organic approach for its existing PE Film packaging business by focusing on learning and growth, internal capacity building and process efficiency improvement, market expansion and brand building, plus innovation to enhance the Group competitiveness and profitability to realize our vision to be the packaging specialist of choice in Asia Pacific region.

To Stretch Beyond our financial performance to deliver sustainable superior return to our shareholders and after reviewing our financial position and strong cash flow generation capacity, the Group has decided to diversify into agricultural investment specifically in rubber cultivation.

We trust that our application for economic land concession will be forth coming in the immediate future. The decision to select Cambodia for rubber cultivation is due to the availability of arable land, cost consideration and outlook for natural rubber (NR) demand for the next few decades.

BPPLAS will make the necessary announcements once matters relating to our application materialize.

CORPORATE DEVELOPMENT

1. The Group has entered into a service agreement to apply for concession rights over a 10,000 ha land in Mondulkiri, Cambodia for agricultural investment.

2. The Group has also proposed to enter into a Letter of Intent (LOI) with Kosmo Tropika Sdn Bhd to divest 20% of its currently wholly-owned subsidiary, BPPlas Plantation Sdn Bhd, upon the successful approval for the land application.

CORPORATE RESPONSIBILITY

The Group's Corporate Responsibility main focus is on the sustainability of People, Market and Planet. For the year 2010, the group has conducted the following activities:

1. Education

a. The Group always believed that education is the best approach to improve the quality of life for the next generation. To breed good students, the Group has donated RM50,000 to 4 different schools for their teachers to participate in the teaching skills upgrading programs to impart knowledge and values to students.

b. Bank Negara Graduate Unemployment Training Program – participation in the program is to enable unemployed fresh graduates to be on 2-years trial employment and subsequently on permanent basis upon confirmation. During FY2010, one graduate was successfully recruited as permanent staff under this program.

c. Internship program – 4 graduates from local and overseas universities have benefited from this program where they were able to integrate their theoretical knowledge to the actual working environment.

CHAIRMAN'S STATEMENT
(cont'd)

2. Health Care

a. Blood Donation – to improve on our community's standard of living, on 11th April 2010, the Group organized its inaugural Blood Donation Program in Batu Pahat Mall together with co-sponsors, Pantai Hospital, Munchy Foods and New Star Food. We collected 152 bags of blood for our local blood bank and 19 of our employees participated in this meaningful event.

b. In conjunction with our 20th Anniversary, one unit of Haemodialysis machine valued at RM44,000 was donated to the Rotary Club of Batu Pahat to improve the standard of care and alleviate the financial commitments of renal patients

3. Environment

a. A total of 12 set 3Rs Recycle Garbage Bins were donated to 4 secondary schools. The Group has continued to provide additional 3Rs Recycle Bins to schools to encourage waste separation at source.

APPRECIATION

The Group would like to thank the Board of Directors, management team and staff members for their dedication and commitment in delivering another set of good corporate results in an increasingly challenging year. In addition, the Group would also like to thank our corporate advisor, customers and various groups of stakeholders for their continued support from year to year.

Yours sincerely,

CY Lim

CORPORATE GOVERNANCE STATEMENT

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

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 other stakeholders.

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 Bursa Malaysia Securities Berhad Main Market Listing Requirements (the "Listing Requirements").

A. BOARD OF DIRECTORS

1. Board Composition and Board Balance

The Board is composed of six (6) Directors, three (3) of whom are Independent Non-Executive Directors. With half of the Board comprising of Independent Non-Executive Directors, they are able to provide independent and objective judgment to facilitate a balanced leadership in the Group as well as providing effective checks and balances 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 major shareholder of the Company, the interest of remaining shareholders are fairly reflected in the Board's representation. The mixture represents the respective size of interest of the 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 21 years of expertise and experience in the plastic packaging business, particularly bags, sacks and film section. The three (3) founders' extensive experience and in depth knowledge in plastic packaging industry have enhanced the competitiveness of the Company. The other three Independent Non-Executive Directors are professionals in their own right with wide-ranging experience, skills and expertise in the fields of 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. This ensures that the Independent Non-Executive Directors remain free from conflict of interest situations and enable them to carry out their roles and responsibilities effectively. The Independent Non-Executive Directors, through their varied experiences and qualifications provide effective contribution and support to the Board. The members of the Board are persons of high 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 of the Company and its overall responsibilities focuses on providing strategic directions, planning and execution of the Company's objectives as well as monitoring of Management's performance in implementation of the Board's strategies. The Board is fully aware that it has the duty to act in the best interest of the Company and the Group at all times.

Mr. Lim Chun Yow, the Chairman cum Managing Director of the Company, leads the Management and is assisted by two (2) Executive Directors. He has successfully led the Group for the past 21 years to transform the Group into one of the leading plastics packaging specialist in Malaysia. Although the Chairman is jointly responsible for the Group's strategic business direction, the roles of the Chairman and Managing Director are separated with clearly defined responsibilities to ensure that there is a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director, together with the Executive Directors, oversees the operations 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 the minority shareholders' interests. The Independent Non-Executive Directors engage proactively with the Management, external and internal auditors to address matters concerning the management and oversight of the Group's business and operations.

CORPORATE GOVERNANCE STATEMENT
(cont'd)

A. BOARD OF DIRECTORS (CONT'D)

2. Board Responsibilities (cont'd)

Due to the lean organizational structure of the Group, the current size and composition of the Board is sufficient 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. Mr. Boo Chin Liong has been appointed as the Senior Independent Non-Executive Director to facilitate communications with the stakeholders which could not be dealt with by the Managing Director or the Executive Directors.

The Board has also delegated certain responsibilities to the Committees of the Board which operate within clearly defined terms of reference. Standing Committees of the Board are comprised of 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 are scheduled at quarterly intervals with additional meetings held when necessary.

Board meetings are conducted by a structured formal agenda. Board meeting's agenda includes reviews on various aspects of the Group's operation, financial performance, business plan, strategic decisions, major investment, 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 that require the expeditious direction of the Board.

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

During the financial year under review, seven (7) Board meetings were held. Details of the Directors' attendance at these Board Meetings were as follows:-

Board of Director	Total no. of meetings held in 2010	No. of Meetings Attended
Lim Chun Yow	7	7
Tan See Khim	7	7
Hey Shiow Hoe	7	7
Boo Chin Liong	7	7
Koh Chin Koon	7	7
Lim Kim Hock	7	7

The Directors remain fully committed and dedicated as reflected by their full attendance at Board meetings held during the financial year ended 31 December 2010.

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. A full set of board papers for each item of agenda including financial reports and notices are promptly communicated prior to any Board Meeting. 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 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.

A. BOARD OF DIRECTORS (CONT'D)

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

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 abstain from deliberations and decisions of the Board on the said 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 the persons connected to them similarly abstain from voting on the resolutions.

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 during the Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation.

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 of information relating to the Group in discharging 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 by the Company Secretary on new statutory and regulatory requirements issued by regulatory authorities. The Company Secretary serves notice to Directors on the closed period for trading the Company's shares pursuant to Chapter 14 of the Listing Requirements.

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. The 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 comprised entirely of Independent Non-Executive Directors and its composition is as follows:-

Members	Designation	Responsibility
Mr. Boo Chin Liong	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 with the current board make-up. They are also satisfied that the existing composition of the Board is sufficient 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, experiences and qualities. The Nomination Committee also through its recent annual review assessed the composition and effectiveness of all the Board Committees of the Company. The Nomination Committee is satisfied with the composition of each Board Committee 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 Securities. The Board acknowledged that the directors of the Company with varied experiences and qualifications provide effective contribution and support to the functions of the Board for the year ended 2010. 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 trainings during the financial year in order to enhance their skills and knowledge, 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.

The following are training programmes, seminars and briefing attended by Directors of the Company in 2010:-

Name of Director	Course attended	Date of seminar
Lim Chun Yow	1) Presentation & Disclosure Requirements in Financial Statements	12 March 2010
	2) Asia Changing Polyolefin Dynamics	5 August 2010
	3) The Malaysian Plastics Company – Roadmap to High Value Economy	28 to 29 September 2010
	4) International Conference on Future of the Natural Rubber Manufacturing Industry	3 to 4 November 2010
Hey Shiow Hoe	1) Plastics Extrusion Asia 2010	29 to 30 March 2010
	2) The Malaysian Plastics Company – Roadmap to High Value Economy	28 to 29 September 2010
Tan See Khim	1) Career Success Bible	22 to 25 April 2010
	2) International Conference on Future of the Natural Rubber Manufacturing Industry	3 to 4 November

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 2010:- (cont'd)

Name of Director	Course attended	Date of seminar
Koh Chin Koon	1) Seminar on Cross Border Transaction Issues	22 September 2010
	2) 2011 Budget Seminar - Ernst & Young	27 October 2010
Lim Kim Hock	1) Continuing Obligation of Directors of Listed Corporation	24 June 2010
	2) National Tax Conference 2010 Corporate Matters	6 to 7 July 2010
	3) Budget Seminar 2010	2 November 2010

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 exposures to 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").

B. BOARD COMMITTEES

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

1. The Audit Committee

The Audit Committee consists of three (3) directors, all of whom 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.

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.

CORPORATE GOVERNANCE STATEMENT
(cont'd)

B. BOARD COMMITTEES (CONT'D)

2. 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.

3. 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 had set up a remuneration policy framework and make recommendations to the Board on the remuneration and other terms of employment of 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 to 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 the remuneration package 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 is comprised of fees, meeting allowances and participation in the Employees Share Option Scheme ("ESOS") while the remuneration package of Executive Directors is comprised of basic salary, fees, bonus, and participation in the ESOS. The By-Law and policy of the ESOS have set out a minimum timeframe for any option to be vested in the Executive Directors and Non-Executive Directors of the Company.

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.

B. BOARD COMMITTEES (CONT'D)

3. The Remuneration Committee (cont'd)

The breakdown of the remuneration of the Directors of the Company for the financial year ended 31 December, 2010 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	-	11	11
Employees Provident Fund	299	-	299
Other emoluments	74	-	74
	2,098	83	2,181

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

	Number of Directors		
	Executive Directors	Non-Executive Directors	Total
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	-	-	-
RM600,001 to RM650,000	1	-	1
RM650,001 to RM700,000	1	-	1
RM700,001 to RM750,000	-	-	-
RM750,001 to RM800,000	1	-	1
	3	3	6

4. 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.

CORPORATE GOVERNANCE STATEMENT
(cont'd)

B. BOARD COMMITTEES (CONT'D)

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

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 met three (3) times during the financial year to discuss the extension of the duration of the ESOS, adjustment to the Option Price pursuant to the bonus issue of the Company as well as granting of the second tranche ESOS to the eligible employees of the Group.

5. 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.	Jau Ser Boon	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 are the provision of clear, relevant, timely, comprehensive and readily assessable information to all stakeholders.

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 made 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.

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

C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS (CONT'D)

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 items of the agenda of the general meeting. All Directors and senior management, where appropriate, will provide feedback, answers and clarifications to questions raised from shareholders during the Annual General Meeting. Adequate notice of the Annual General Meeting of not less than 21 days is communicated to those concerned.

At the annual general meetings of the Company, the Chairman of the Company presents a review of the executive summary highlighting 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 issues 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.

4. Investor relations

The extensive investor relations activities of the Company form 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 extreme volatility in the market place.

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

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

CORPORATE GOVERNANCE STATEMENT
(cont'd)

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 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 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 ensures that the accountability for managing the significant risks identified is clearly assigned and that the identified risks affecting the Company and the Group are being satisfactorily addressed on an ongoing basis.

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 notation 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 any significant deficiency in the Group's control system. In accordance to the terms of reference of the Audit Committee, the Audit Committee meets with the external auditors at least twice a year to discuss the 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 to shareholders' queries on the conduct of the audit and the preparation and content of the audit report.

D. ACCOUNTABILITY AND AUDIT (CONT'D)

3. Relationships with the Auditors (cont'd)

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 compromised.

F. DEVIATIONS FROM BEST PRACTICES

AAII Best Practices	Deviation
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	The Managing Director, Mr. Lim Chun Yow has also assumed the role of Chairman. However, the roles of the Chairman and Managing Director are separate with clearly defined responsibilities to ensure the balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director, together with the Executive Directors, oversees the operations of the Group and implementation of the Board's decisions, business strategies, and policies.

AUDIT COMMITTEE REPORT

The Audit Committee for the financial year ended 31 December, 2010 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

Chua Siew Chuan (MAICSA No. 0777689)

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 Accountants
or;

(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 consultation 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 the 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/Managing Director , the Finance Manager, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company. The Chairman of the Audit Committee shall also convene an Audit Committee Meeting 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 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 of 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.

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 in every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with the 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, 2010. 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 to 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, 2009 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, 2010;

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, 2010;

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, 2010;

AUDIT COMMITTEE REPORT
(cont'd)

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

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, 3,080,000 options had been granted to eligible directors and employees of the Group. The Audit Committee had reviewed the allocation of the said options.

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, 2010. The primary function of the internal audit was to independently carry out a review of the existing systems, controls and procedures and thereafter provide such recommendations that would 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 be finalized and instituted controls are appropriately 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 2010 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.

STATEMENT ON INTERNAL CONTROLS

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 Internal Controls. This Statement on Internal Controls 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 Controls: Guidance for Directors of Public Listed Companies ("Internal Control Guidance").

BOARD RESPONSIBILITY

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the BP Plastics Group ("the Group") system of internal controls. The system is designed to manage the Group's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives. Accordingly, the system of internal controls of the Group can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the system of internal controls as and when there are changes to the business environment or regulatory guidelines.

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 ("MD") and his management team. The MD 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 MD plays a pivotal role in communicating the Board's expectations of the system of internal controls 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 MD 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 MD 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 staff within the Group.

STATEMENT ON INTERNAL CONTROLS
(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 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 system of internal controls for safeguarding of assets and providing consistent, accurate financial and operational data;
- risk awareness and the value and nature of an effective system of internal controls;
- compliance with laws, regulations, corporate policies and procedures; and
- the adequacy and integrity 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. The internal audit independently reviews the system of internal controls implemented by Management within the Group and reports to the Audit Committee the outcome of the internal audit thereof.

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

The Group is also accredited with certification for ISO14001:2004 and OHSAS 18001:2007. With this certification, the Group will ensure that all environmental aspect and impact as well as safety and health issues are appropriately addressed. Each year, there will be a surveillance audit being carried out and the report of the audit reported to the MD.

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 ensure 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 Advisory Committee, which is chaired by an Executive Director. The Risk Advisory Committee will meet with the Audit Committee on a yearly basis to report on the processes, findings and actions taken by management. The Risk Advisory 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 system of internal controls. The Audit Committee or Risk Advisory Committee then reports to the Board on any significant changes in the business and the external environment.

The Board considers that the risk management framework is robust, but the framework will be subjected to continuous improvement, taking into consideration better practices and the changing business environment.

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 environmental aspect and impact;

- The OHSAS 18001:2007 Occupational Health and Safety Management System for monitoring 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 for 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, in striving for continuous improvement, will put in place appropriate measures, when necessary, to further enhance the Group's system of internal controls.

The Board confirms that it has reviewed the effectiveness of the system of internal controls and there is no material losses incurred during the current financial year as a result of weaknesses in internal control.

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.

FINANCIAL STATEMENTS

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 2010.

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 owner of the parent	17,132,139	8,328,008

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 2009 were as follows:

In respect of financial year ended 31 December 2009 as reported in the directors' report of that year:	RM
Final tax exempt dividend of 6% (3 sen per share), on 180,115,750 ordinary shares paid on 5 July 2010	5,403,473

In respect of financial year ended 31 December 2010:	RM
First interim tax exempt dividend of 8% (4 sen per share), on 180,105,750 ordinary shares paid on 25 March 2011	7,204,230

The directors do not recommend any final dividend to be paid in respect of the current financial year.

The first interim tax exempt dividend in respect of the financial year ended 31 December 2010 amounting to RM7,204,230 (4 sen per share) has not been reflected in the current year financial statements. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

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' 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			
	1.1.2010	**Acquired**	**Sold**	**31.12.2010**
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			
	1.1.2010	**Granted**	**Exercised**	**31.12.2010**
Lim Chun Yow	980,000	300,000	-	1,280,000
Tan See Khim	980,000	300,000	-	1,280,000
Hey Shiow Hoe	980,000	300,000	-	1,280,000
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.

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.

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

During the financial year, second allocation of 3,080,000 ESOS options were granted to eligible employees and directors at an exercise price of RM0.62 per share.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, who have been granted options to subscribe for less than 100,000 ordinary shares. The name of option holder, other than directors, who has been granted options to subscribe for 100,000 or more ordinary shares during the year is as follows:

	Number of options over ordinary shares of RM0.50 each			
	1.1.2010	**Granted**	**Exercised**	**31.12.2010**
Koh Chu How	105,000	100,000	-	205,000

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

Other statutory information

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

(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.

Other statutory information (cont'd)

(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.

(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.

Significant event

The significant event is as disclosed in Note 33 to the financial statements.

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 18 April 2011.

Lim Chun Yow

Tan See Khim

Melaka, Malaysia

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 43 to 82 are 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 Group and of the Company as at 31 December 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 35 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 April 2011.

Lim Chun Yow

Tan See Khim

Melaka, Malaysia

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 43 to 82 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 18 April 2011.

Lim Chun Yow

Before me,

Loh Seo Kim (M051)
Commissioner For Oaths

INDEPENDENT AUDITORS' REPORT

To the members of BP Plastics Holding Bhd.

Report on the financial statements

We have audited the financial statements of BP Plastics Holding Bhd., which comprise the statements of financial position as at 31 December 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 82.

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 entity'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 2010 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.

INDEPENDENT AUDITORS' REPORT

To the members of BP Plastics Holding Bhd. (cont'd)

Other matters

The supplementary information set out in Note 35 on page 83 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Lee Ah Too
2187/09/11(J)
Chartered Accountant

Melaka, Malaysia
Date: 18 April 2011

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2010

		Group		Company	
	Note	2010 RM	2009 RM (restated)	2010 RM	2009 RM
Revenue	3	220,756,204	175,219,061	7,750,000	6,250,000
Cost of sales		(186,175,786)	(144,005,167)	-	-
Gross profit		34,580,418	31,213,894	7,750,000	6,250,000
Other income	4	2,385,581	791,996	1,181,452	65,850
Administrative and general expenses		(7,840,020)	(7,752,418)	(603,444)	(637,476)
Selling expenses		(6,996,140)	(4,735,330)	-	-
Operating profit		22,129,839	19,518,142	8,328,008	5,678,374
Finance costs		(12,572)	(32,032)	-	-
Profit before tax	5	22,117,267	19,486,110	8,328,008	5,678,374
Income tax expense	8	(4,985,128)	(3,871,604)	-	-
Profit for the year		17,132,139	15,614,506	8,328,008	5,678,374
Earnings per share attributable to equity holders of the Company (sen):	9	9.51	8.67		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010

	Note	Group 2010 RM	Group 2009 RM (restated)	Group As at 1/1/2009 RM (restated)	Company 2010 RM	Company 2009 RM
Assets						
Non-current assets						
Property, plant and equipment	11	67,143,663	70,392,343	67,217,432	-	-
Investment in subsidiaries	12	-	-	-	38,279,171	38,279,169
		67,143,663	70,392,343	67,217,432	38,279,171	38,279,169
Current assets						
Inventories	13	22,245,431	22,751,996	15,255,275	-	-
Trade and other receivables	14	31,752,227	25,839,572	22,685,996	16,696,712	29,093,983
Other current assets		16,559	72,138	109,220	2,000	2,000
Investment securities	15	100,800	-	-	-	-
Derivatives	16	139,835	-	-	-	-
Cash and cash equivalents	17	58,216,697	45,306,088	34,589,114	49,876,345	34,587,544
Tax recoverable		158,167	208,842	124,402	206,641	204,843
		112,629,716	94,178,636	72,764,007	66,781,698	63,888,370
Total assets		179,773,379	164,570,979	139,981,439	105,060,869	102,167,539
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	90,060,375
Share premium	19	3,492,762	3,492,762	3,492,762	3,492,762	3,492,762
Treasury shares	20	(8,243)	(2,043)	(2,043)	(8,243)	(2,043)
Revaluation reserves	22	2,826,895	2,826,895	2,826,895	-	-
Retained earnings	23	47,006,842	35,278,176	20,439,090	11,259,114	8,334,579
Total equity		143,378,631	131,656,165	116,817,079	104,804,008	101,885,673
Non-current liabilities						
Term loans	24	-	-	645,049	-	-
Deferred tax liabilities	25	10,944,624	11,188,878	9,750,558	-	-
		10,944,624	11,188,878	10,395,607	-	-
Current liabilities						
Term loans	24	-	883,049	1,364,928	-	-
Trade and other payables	26	23,999,760	20,342,607	10,251,812	256,861	281,866
Tax payable		1,450,364	500,280	1,152,013	-	-
		25,450,124	21,725,936	12,768,753	256,861	281,866
Total liabilities		36,394,748	32,914,814	23,164,360	256,861	281,866
Total equity and liabilities		179,773,379	164,570,979	139,981,439	105,060,869	102,167,539

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2010

	Note	Share capital RM	← Non-distributable Capital reserve RM	Share premium RM	→ Treasury shares RM	Distributable Retained earnings RM	Total RM
Group							
At 1 January 2009		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 on ordinary shares	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
Profit for the year, representing total recognised income and expens``e for the year		-	-	-	-	17,132,139	17,132,139
Purchase of treasury shares			-	-	(6,200)	-	(6,200)
Dividends on ordinary shares	10	-	-	-	-	(5,403,473)	(5,403,473)
At 31 December 2010		90,060,375	2,826,895	3,492,762	(8,243)	47,006,842	143,378,631

	Note	Share capital RM	← Non-distributable Share premium RM	→ Treasury shares RM	Distributable Retained earnings RM	Total RM
Company						
At 1 January 2009		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 on ordinary shares	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
Profit for the year, representing total recognised income and expense for the year		-	-	-	8,328,008	8,328,008
Purchase of treasury shares		-	-	(6,200)	-	(6,200)
Dividends on ordinary shares	10	-	-	-	(5,403,473)	(5,403,473)
At 31 December 2010		90,060,375	3,492,762	(8,243)	11,259,114	104,804,008

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
		(restated)		
Cash flows from operating activities				
Profit before tax	22,117,267	19,486,110	8,328,008	5,678,374
Adjustments for:				
Depreciation of property, plant equipment	7,294,173	6,716,101	-	-
Fair value gain on derivatives	(139,835)	-	-	-
Gain on disposal of property, plant and equipment	(58,260)	(109,000)	-	-
Property, plant and equipment written off	-	160,866	-	-
Bad debts written off	-	10,305	-	-
Dividend income	-	-	(7,750,000)	(6,250,000)
Interest expense	12,572	32,032	-	-
Interest income	(1,274,165)	(560,749)	(1,181,452)	(65,850)
Operating profit/(loss) before working capital changes	27,951,752	25,735,665	(603,444)	(637,476)
Decrease/(increase) in inventories	506,565	(7,496,721)	-	-
(Increase)/decrease in receivables	(5,857,076)	(3,150,928)	-	10,000
Increase/(decrease) in payables	3,657,155	10,114,924	(25,005)	22,792
Cash generated from/(used in) operations	26,258,396	25,202,940	(628,449)	(604,684)
Interest paid	(12,572)	(32,032)	-	-
Income taxes paid	(4,290,963)	(4,093,091)	(1,636)	(17,941)
Income taxes refunded	62,338	-	62,338	-
Net cash generated from/(used in) operating activities	22,017,199	21,077,817	(567,747)	(622,625)
Cash flows from investing activities				
Interest received	1,274,165	560,749	1,181,452	65,850
Proceeds from disposal of property, plant and equipment	125,240	109,000	-	-
Purchase of property, plant and equipment	(4,112,473)	(6,301,349)	-	-
Dividends received	-	-	7,687,500	6,187,500
Purchase of investment securities	(100,800)	-	-	-
Investment in subsidiary	-	-	(2)	-
Net cash (used in)/generated from investing activities	(2,813,868)	(5,631,600)	8,868,950	6,253,350
Cash flows from financing activities				
Purchase of treasury shares	(6,200)	-	(6,200)	-
Repayment of term loans	(883,049)	(1,126,928)	-	-
Dividends paid	(5,403,473)	(3,602,315)	(5,403,473)	(3,602,315)
Repayment by a subsidiary	-	-	12,397,271	32,348,117
Net cash (used in)/generated from financing activities	(6,292,722)	(4,729,243)	6,987,598	28,745,802
Net increase in cash and cash equivalents	12,910,609	10,716,974	15,288,801	34,376,527
Cash and cash equivalents at beginning of year	45,306,088	34,589,114	34,587,544	211,017
Cash and cash equivalents at end of year	58,216,697	45,306,088	49,876,345	34,587,544

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

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 18 April 2011.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.3.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

2.2 Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination 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 business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(b) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(c) Property, plant and equipment

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

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Land and buildings are measured at fair value less accumulated depreciation on leasehold land and buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Factory buildings: 50 years
- Plant and machinery: 10 to 15 years
- Tools and equipment: 10 years
- Office equipment, furniture and fittings: 2 to 10 years
- Motor vehicles: 5 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Property, plant and equipment (cont'd)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(d) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 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.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

(f) Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(f) Financial assets (cont'd)

(ii) Loans and receivables (cont'd)

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(f) Financial assets (cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(g) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(g) Impairment of financial assets (cont'd)

(ii) Available-for-sale financial assets (cont'd)

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(h) Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

(i) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(j) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(j) Income taxes (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(k) Employee benefits

(i) Defined contribution plans

The Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(l) Foreign currency

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

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.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(o) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and term loans.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Term loans are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(p) Revenue

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. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. 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 income is recognised using the effective interest method.

(iii) Dividend income

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

2.3 Changes in accounting policies and effects arising from adoption of new FRS

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- 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 and Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRS issued in 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

The new and amended FRS and IC Interpretations effective for annual periods beginning on or after 1 January 2010, however, not applicable to the Group and the Company are as below:

- FRS 4 Insurance Contracts
- IC Interpretation 13 Customer Loyalty Programmes

2. Significant accounting policies (cont'd)

2.3 Changes in accounting policies and effects arising from adoption of new FRS (cont'd)

The new and amended FRS and IC Interpretations effective for annual periods beginning on or after 1 January 2010, however, not applicable to the Group and the Company are as below: (cont'd)

- IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- TR i-3 Presentation of Financial Statements of Islamic Financial Institutions

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

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 classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 32).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Company as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated 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 represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

2. Significant accounting policies (cont'd)

2.3 Changes in accounting policies and effects arising from adoption of new FRS (cont'd)

Amendments to FRS 117 Leases (cont'd)

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the statement of financial positions as at 31 December 2010 arising from the above change in accounting policy:

	2010 **RM**
Increase/(decrease) in:	
Property, plant and equipment	6,994,811
Prepaid land lease payments	(6,994,811)

The following comparatives have been restated:

	As previously stated **RM**	**Adjustments** **RM**	**As restated** **RM**
Statement of financial position			
31 December 2009			
Property, plant and equipment	63,232,343	7,160,000	70,392,343
Prepaid land lease payments	7,160,000	(7,160,000)	-
1 January 2009			
Property, plant and equipment	61,287,980	5,929,452	67,217,432
Prepaid land lease payments	5,929,452	(5,929,452)	-

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Impairment of trade receivables

  Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is not material hence no adjustments were made to the opening balance of retained earnings as at that date.

2. Significant accounting policies (cont'd)

2.4 Standards and interpretations issued but not yet effective

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
FRS 127 Consolidated and Separate Financial Statements (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
Amendments to FRS 1: Limited Exemption from Comparative	
FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Improvements to FRS issued in 2010	1 January 2011
IC Interpretation 4 Determining Whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18 Transfer of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
TR i - 4: Shariah Compliant Sale Contracts	1 January 2011
FRS 124 Related Party Disclosures (Revised)	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.5 Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

2. Significant accounting policies (cont'd)

2.5 Significant accounting estimates and judgements (cont'd)

(a) Judgements made in applying accounting policies (cont'd)

(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.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of financial position 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) Useful lives of plant and equipment

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 manufacturing of 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. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 11. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 2% (2009: 2%) variance in the Group's profit for the year.

3. Revenue

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Dividends from a subsidiary	-	-	7,750,000	6,250,000
Sale of goods	220,756,204	175,219,061	-	-
	220,756,204	175,219,061	7,750,000	6,250,000

4. Other income

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Interest income	1,274,165	560,749	1,181,452	65,850
Fair value gain on derivatives	139,835	-	-	-
Gain on foreign currency exchange	764,964	38,348	-	-
Gain on disposal of property, plant and equipment	58,260	109,000	-	-
Miscellaneous	148,357	83,899	-	-
	2,385,581	791,996	1,181,452	65,850

5. Profit before tax

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Audit fee - current year	49,000	48,000	21,000	21,000
- overprovision in prior year	-	(7,000)	-	(4,000)
Depreciation of property, plant and equipment	7,294,173	6,716,101	-	-
Property, plant and equipment written off	-	160,866	-	-
Non-executive directors' fees (Note 7)	82,500	78,000	82,500	78,000
Bad debts written off	-	10,305	-	-
Operating leases:				
- minimum lease payments for buildings	69,100	64,180	-	-
Loss on foreign currency exchange	-	593,312	-	-
Employee benefits expense (Note 6)	10,455,588	9,762,860	150,000	150,000

6. Employee benefits expense

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Wages and salaries	8,147,710	7,614,048	150,000	150,000
Bonus	1,051,042	920,799	-	-
Social security contribution	69,620	67,459	-	-
Contributions to defined contribution plan	749,808	799,014	-	-
Other staff related expenses	437,408	361,540	-	-
	10,455,588	9,762,860	150,000	150,000

Included in the staff costs of the Group are executives directors' remuneration amounting to RM2,024,250 (2009: RM2,024,250) as further disclosed in Note 7.

7. Directors' remuneration

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	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	315,000	-	-
Defined contribution plan	299,250	299,250	-	-
Estimated money value of benefits-in-kind	73,960	76,931	-	-
	2,098,210	2,101,181	150,000	150,000
Non-executive directors' remuneration:				
Fees	72,000	72,000	72,000	72,000
Allowances	10,500	6,000	10,500	6,000
	82,500	78,000	82,500	78,000
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 6)	2,024,250	2,024,250	150,000	150,000
Total non-executive directors' remuneration (Note 5)	82,500	78,000	82,500	78,000
Total directors' remuneration	2,106,750	2,102,250	232,500	228,000

8. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current income tax:				
Tax expense for the year	5,068,000	3,665,500	-	-
Under/(over)provision in prior years	161,382	(308,582)	-	-
	5,229,382	3,356,918	-	-
Deferred tax (Note 25):				
Relating to origination of temporary differences	63,392	489,837	-	-
(Over)/underprovision in prior years	(307,646)	24,849	-	-
	(244,254)	514,686	-	-
	4,985,128	3,871,604	-	-

8. Income tax expense (cont'd)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Profit before tax	22,117,267	19,486,110	8,328,008	5,678,374
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	5,529,317	4,871,528	2,082,002	1,419,594
Effect of income not subject to tax	(312,082)	(83,708)	(2,155,835)	(1,500,000)
Effect of expenses not deductible for tax purposes	286,296	170,661	73,833	80,406
Effect of utilisation of current year's reinvestment allowance	(372,139)	(803,144)	-	-
Under/(over)provision of income tax expense in prior years	161,382	(308,582)	-	-
(Over)/underprovision of deferred tax in prior years	(307,646)	24,849	-	-
Tax expense for the year	4,985,128	3,871,604	-	-

9. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2010	**2009**
	RM	**RM**
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	17,132,139	15,614,506
	Number of shares	**Number of shares**
Weighted average number of ordinary shares for basic earnings per share computation *	180,110,134	180,115,750
Basic earnings per share (sen)	9.51	8.67

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

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

10. Dividends

	Group and Company	
	2010	**2009**
	RM	**RM**
Recognised during the financial year:		
Dividends on ordinary shares:		
- First and final tax exempt dividend for 2008: 2 sen per share	-	3,602,315
- Final tax exempt dividend for 2009: 3 sen per share	5,403,473	-
	5,403,473	3,602,315

A first interim tax exempt dividend in respect of the financial year ended 31 December 2010 of 8% (4 sen per share), on 180,105,750 ordinary shares amounting to RM7,204,230 was paid on 25 March 2011. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

The directors do not recommend any final dividend to be paid in respect of the current financial year.

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					
Cost or Valuation:					
At 1 January 2009:					
As previously stated	13,986,321	73,349,219	4,835,019	1,380,847	93,551,406
Effects of adopting the amendments to FRS 117	6,653,398	-	-	-	6,653,398
As restated	20,639,719	73,349,219	4,835,019	1,380,847	100,204,804
Additions	7,700	56,004	828,378	5,409,267	6,301,349
Revaluation surplus	3,750,530	-	-	-	3,750,530
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 (restated)	24,549,150	78,714,510	6,290,903	16,000	109,570,563
Representing:					
At cost	-	78,714,510	6,290,903	16,000	85,021,413
At valuation	24,549,150	-	-	-	24,549,150
At 31 December 2009	24,549,150	78,714,510	6,290,903	16,000	109,570,563
At 1 January 2010:					
As previously stated	16,531,247	78,714,510	6,290,903	16,000	101,552,660
Effects of adopting the amendments to FRS 117	8,017,903	-	-	-	8,017,903
As restated	24,549,150	78,714,510	6,290,903	16,000	109,570,563
Additions	99,039	380,170	222,897	3,410,367	4,112,473
Reclassification	700,933	2,588,545	48,409	(3,337,887)	-
Disposals	-	(221,262)	(138,198)	-	(359,460)
At 31 December 2010	25,349,122	81,461,963	6,424,011	88,480	113,323,576
Representing:					
At cost	799,972	81,461,963	6,424,011	88,480	88,774,426
At valuation	24,549,150	-	-	-	24,549,150
At 31 December 2010	25,349,122	81,461,963	6,424,011	88,480	113,323,576

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (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
Group					
Accumulated depreciation and impairment loss:					
At 1 January 2009:					
As previously stated	1,518,015	27,604,132	3,141,279	-	32,263,426
Effects of adopting the amendments to FRS 117	723,947	-	-	-	723,947
As restated	2,241,962	27,604,132	3,141,279	-	32,987,373
Depreciation charge for the year	407,187	5,357,291	951,623	-	6,716,101
Disposals	-	-	(525,254)	-	(525,254)
At 31 December 2009 (restated)	2,649,149	32,961,423	3,567,648	-	39,178,220
At 1 January 2010:					
As previously stated	1,791,246	32,961,423	3,567,648	-	38,320,317
Effects of adopting the amendments to FRS 117	857,903	-	-	-	857,903
As restated	2,649,149	32,961,423	3,567,648	-	39,178,220
Depreciation charge for the year	488,718	5,687,406	1,118,049	-	7,294,173
Disposals	-	(204,612)	(87,868)	-	(292,480)
At 31 December 2010	3,137,867	38,444,217	4,597,829	-	46,179,913
Net carrying amount:					
At cost	-	45,753,087	2,723,255	16,000	48,492,342
At valuation	21,900,001	-	-	-	21,900,001
At 31 December 2009	21,900,001	45,753,087	2,723,255	16,000	70,392,343
At cost	798,883	43,017,746	1,826,182	88,480	45,731,291
At valuation	21,412,372	-	-	-	21,412,372
At 31 December 2010	22,211,255	43,017,746	1,826,182	88,480	67,143,663

11. Property, plant and equipment (cont'd)

* Land and buildings

	Freehold land RM	Leasehold land RM	Factory buildings RM	Total RM
Cost or Valuation:				
At 1 January 2009:				
As previously stated	340,000	-	13,646,321	13,986,321
Effects of adopting the amendments to FRS 117	-	6,653,398	-	6,653,398
As restated	340,000	6,653,398	13,646,321	20,639,719
Additions	-	-	7,700	7,700
Revaluation surplus	70,000	1,364,505	2,316,025	3,750,530
Reclassification	-	-	151,201	151,201
At 31 December 2009 (restated)	410,000	8,017,903	16,121,247	24,549,150
At valuation:				
At 31 December 2009	410,000	8,017,903	16,121,247	24,549,150
At 1 January 2010:				
As previously stated	410,000	-	16,121,247	16,531,247
Effects of adopting the amendments to FRS 117	-	8,017,903	-	8,017,903
As restated	410,000	8,017,903	16,121,247	24,549,150
Additions	-	-	99,039	99,039
Reclassification	679,647	-	21,286	700,933
At 31 December 2010	1,089,647	8,017,903	16,241,572	25,349,122
Representing:				
At cost	679,647	-	120,325	799,972
At valuation	410,000	8,017,903	16,121,247	24,549,150
At 31 December 2010	1,089,647	8,017,903	16,241,572	25,349,122

11. Property, plant and equipment (cont'd)

* Land and buildings

	Freehold land RM	Leasehold land RM	Factory buildings RM	Total RM
Accumulated depreciation and impairment loss:				
At 1 January 2009:				
As previously stated	-	-	1,518,015	1,518,015
Effects of adopting the amendments to FRS 117	-	723,947	-	723,947
As restated	-	723,947	1,518,015	2,241,962
Depreciation charge for the year	-	133,956	273,231	407,187
At 31 December 2009 (restated)	-	857,903	1,791,246	2,649,149
At 1 January 2010:				
As previously stated	-	-	1,791,246	1,791,246
Effects of adopting the amendments to FRS 117	-	857,903	-	857,903
As restated	-	857,903	1,791,246	2,649,149
Depreciation charge for the year	-	165,189	323,529	488,718
At 31 December 2010	-	1,023,092	2,114,775	3,137,867
Net carrying amount:				
At valuation:				
At 31 December 2009	410,000	7,160,000	14,330,001	21,900,001
At cost	679,647	-	119,236	798,883
At valuation	410,000	6,994,811	14,007,561	21,412,372
At 31 December 2010	1,089,647	6,994,811	14,126,797	22,211,255

(a) All the assets of the Group have been charged to banks for banking facilities granted to the Group as referred to in Note 24.

(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:

	2010 RM	2009 RM
Freehold land	815,893	136,246
Leasehold land	5,260,022	5,384,661
Factory buildings	9,678,062	9,784,282
	15,753,977	15,305,189

12. Investment in subsidiaries

	Company 2010 RM	Company 2009 RM
Unquoted shares, at cost	38,279,171	38,279,169

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%) 2010	Proportion of ownership interest (%) 2009	Principal activities
BP Plastics Sdn. Bhd.	Malaysia	100	100	Manufacturing of plastic products
BP Packaging Sdn. Bhd.	Malaysia	100	100	Trading of plastic products
BPPlas Plantation Sdn. Bhd.	Malaysia	100	-	Dormant
Baoman Rubber Limited	Cambodia	100	-	Dormant

Acquisition of subsidiaries

On 10 June 2010, the Group acquired 100% equity interest in BPPlas Plantation Sdn. Bhd. ("BPPlas Plantation") and on 5 October 2010, BPPlas Plantation incorporated a wholly-owned subsidiary, Baoman Rubber Limited ("Baoman").

Upon the acquisition, BPPlas Plantation and Baoman became subsidiaries of the Group. BPPlas Plantation and Baoman, an unlisted company incorporated in Malaysia and Cambodia respectively, are dormant company.

13. Inventories

	Group 2010 RM	Group 2009 RM
At cost:		
Raw materials	15,533,884	15,976,119
Work-in-progress	1,948,340	1,449,867
Spare parts	372,452	349,787
Finished goods	4,390,755	4,778,614
	22,245,431	22,554,387
At net realisable value:		
Raw materials	-	197,609
	22,245,431	22,751,996

14. Trade and other receivables

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Trade receivables				
Third parties	31,389,158	25,339,127	-	-
Other receivables				
Sundry receivables	363,069	500,445	-	-
Amount due from subsidiary	-	-	16,696,712	29,093,983
	363,069	500,445	16,696,712	29,093,983
	31,752,227	25,839,572	16,696,712	29,093,983

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2009: 30 to 90 days) terms. They have recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2010	2009
	RM	RM
Neither past due nor impaired	15,167,155	12,616,564
1 to 30 days past due not impaired	8,804,624	6,458,898
31 to 60 days past due not impaired	5,080,016	4,058,215
61 to 90 days past due not impaired	1,827,873	1,694,880
91 to 120 days past due not impaired	343,626	443,745
More than 120 days past due not impaired	165,864	66,825
	31,389,158	25,339,127

Receivables that are neither past due nor impaired

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

The Group has trade receivables amounting to RM16,199,397 (2009: RM12,684,864) that are past due at the reporting date but not impaired.

15. Investment securities

	Group	
	Carrying amount	Market value of quoted investments
	RM	RM
Held for trading investments		
- Equity instrument (quoted in Malaysia)	100,800	110,400

16. Derivatives

	2010		2009	
	Contract/ Notional Amount RM	Assets RM	Contract/ Notional Amount RM	Assets RM
Non-hedging derivatives:				
Forward currency contracts	11,002,800	139,835	1,240,181	-

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales and purchases denominated in USD for which firm commiments existed at the reporting date, extending to March 2011.

During the financial year, the Group recognised a gain of RM139,835 (2009: nil) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 30.

17. Cash and cash equivalents

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash on hand and at banks	6,036,260	2,686,626	195,908	8,339
Repository deposits with licensed banks	2,500,000	4,614,580	-	214,580
Short term deposits with a licensed bank	10,056,747	-	10,056,747	-
Money market funds	39,623,690	38,004,882	39,623,690	34,364,625
Cash and cash equivalents	58,216,697	45,306,088	49,876,345	34,587,544

The weighted average effective interest rates at the statement of financial position date were as follows:

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Repository deposits with licensed banks	2.10	1.49	-	1.50
Short term deposits with a licensed bank	3.40	-	3.40	-
Money market funds	2.78	2.40	2.78	2.42

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

	Group		Company	
	2010 Days	2009 Days	2010 Days	2009 Days
Repository deposits with licensed banks	4	7	-	12
Short term deposits with a licensed bank	90	-	90	-

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

18. Share capital

	Group and Company			
	Number of shares of RM0.50 Each		Amount	
	2010	2009	2010 RM	2009 RM
Authorised				
At 1 January/31 December	400,000,000	400,000,000	200,000,000	200,000,000
Issued and fully paid				
At 1 January/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

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs 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 annual general meeting held on 24 May 2010, 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.

As at 31 December 2010, the Company repurchased 15,000 of its issued ordinary shares from the open market at the price range from RM0.40 to RM0.62 per share. The total consideration paid for the repurchase including transaction costs was RM8,243. 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 2010,15,000 ordinary shares are held as treasury shares by the Company. As at 31 December 2010, the number of outstanding ordinary shares in issue and fully paid is therefore 180,105,750 ordinary shares of RM0.50 each.

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.

During the financial year, 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 options as at 31 December 2009 be revised to RM0.80 per share.

(iii) second allocation of 3,080,000 ESOS options were granted to eligible employees and directors at an exercise price of RM0.62 per share.

21. Employee Share Option Scheme ("ESOS") (cont'd)

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.

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	
	2010	2009	2010	2009
			RM	RM
Outstanding at 1 January	6,222,000	6,651,000	0.80	1.20
Granted during the year	3,080,000	-	0.62	-
Forfeited during the year	(255,000)	(429,000)	0.76	1.20
Outstanding at 31 December	9,047,000	6,222,000	0.74	1.20
Exercisable at 31 December	9,047,000	6,222,000	0.74	1.20

The options outstanding at the end of the year have a weighted average remaining contractual life of 4.12 years (2009: 0.20 years).

22. Revaluation reserves

This represents surplus arising from revaluation of land and building and is not distributable.

23. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted 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 dividends 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.

As at 31 December 2010, the 108 balance of the Company is approximately RM6,962,000 (2009: RM6,962,000). The Company may distribute dividends out of its entire retained earnings as at 31 December 2010 and 2009 under the single tier system.

24. Term loans

	Group	
	2010	**2009**
	RM	**RM**
Secured:		
Due within 12 months	-	883,049

The weighted average effective interest rates as at 31 December 2009 for term loans are 1.19% per annum.

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

25. Deferred tax liabilities

	Property, plant and equipment RM	**Revaluation of land and buildings RM**	**Others RM**	**Total RM**
At 1 January 2009	9,075,428	675,130	-	9,750,558
Recognised in profit or loss	529,684	(14,998)	-	514,686
Recognised in directly in equity	-	923,634	-	923,634
At 31 December 2009	9,605,112	1,583,766	-	11,188,878
Recognised in profit or loss	56,132	(37,886)	(262,500)	(244,254)
At 31 December 2010	9,661,244	1,545,880	(262,500)	10,944,624

26. Trade and other payables

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Trade payables				
Third parties	20,237,292	15,653,955	-	-
Other payables				
Sundry payables	801,985	1,557,509	-	-
Accrued operating expenses	2,735,895	2,686,138	256,861	281,866
Amount due to suppliers of property, plant and equipment	89,588	445,005	-	-
Amount due to directors	135,000	-	-	-
	3,762,468	4,688,652	256,861	281,866
	23,999,760	20,342,607	256,861	281,866

(i) Trade payables

The trade payables are non-interest bearing and are normally settled on 30 to 60 days (2009: 30 to 60 days) terms.

(ii) Sundry payables, accrued operating expenses and amount due to suppliers of property, plant and equipment

These amounts are non-interest bearing and normally settled within twelve months (2009: twelve months).

(iii) Amounts due to directors

The amount due to directors is unsecured, interest-free and repayable on demand.

27. Commitments

	2010	**2009**
	RM	**RM**
Capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	-	1,536,000
Approved but not contracted for:		
Property, plant and equipment	11,022,000	-
	11,022,000	1,536,000

28. Related party disclosures

(a) Transactions with related parties

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

	Company	
	2010	2009
	RM	RM
Dividends received from a subsidiary	7,750,000	6,250,000
Payments on behalf by a subsidiary	333,348	445,801
Funds transfer from a subsidiary	24,563,923	37,902,315
Funds transfer to a subsidiary	5,000,000	-

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	
	2010	2009
	RM	RM
Salaries and other emoluments	1,260,000	1,260,000
Fees	150,000	150,000
Bonus	315,000	315,000
Defined contribution plan	299,250	299,250
	2,024,250	2,024,250

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	
	2010	2009
At 1 January	2,940,000	2,940,000
Granted during the year	900,000	-
At 31 December	3,840,000	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.

30. Fair value of financial instruments

A. Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	14
Trade and other payables	26

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

B. Determination of fair value

(i) Investment securities (quoted shares in Malaysia)

Fair value is determined directly by reference to their published market bid price at the reporting date.

(ii) Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation technique include forward pricing model, using present value calculations. The model incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

31. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

31. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Credit risk arising from export sales trade receivables and first-time customers are mitigated through settlements via letters of credit issued by reputable banks in countries where the customers are based. The Group also impose deposit payments from export sales trade receivables in the event that letters of credit are not issued.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position, including derivatives with positive fair values.

Credit risk concentration profile

At the reporting date, the Group does not have any significant exposure to any individual customer or counterparty.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 14. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the reporting date, the borrowings of the Group has been fully settled.

Analysis of financial instruments by remaining contractual maturities

At the reporting date, the Group's remaining financial liability is the trade and other payables, which is disclosed in Note 26. All the trade and other payables, analysed based on the contractual undiscounted repayment obligations, have maturity profiles of either payable on demand or within one year

31. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group had no interest bearing debt or substantial long-term interest-bearing assets as at reporting date. The investment in financial assets are mainly 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.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency, Ringgit Malaysia ("RM"), US Dollar ("USD"), Singapore Dollar ("SGD"), Indonesia Rupiah ("Rupiah"), and Japanese Yen ("Yen"). The foreign currencies in which these transactions are denominated are mainly USD and SGD.

Approximately 64% (2009: 62%) of the Group's sales are denominated in foreign currencies whilst almost 89% (2009: 79%) of purchases are denominated in the foreign currencies. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, SGD, Yen and Rupiah exchange rates against the functional currency, with all other variables held constant.

		Increase/(decrease) in profit net of tax 2010 RM
USD/RM	- strengthened 3%	(302,576)
	- weakened 3%	302,576
SGD/RM	- strengthened 3%	292,588
	- weakened 3%	(292,588)
Yen/RM	- strengthened 3%	8,920
	- weakened 3%	(8,920)
Rupiah/RM	- strengthened 3%	48,596
	- weakened 3%	(48,596)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

32. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, interest-bearing loans and borrowings, less cash and bank balances. Capital comprise equity attributable to the owners of the parent less the fair value adjustment reserve.

As at 31 December 2010, the Group have sufficient current assets to settle the current liabilities in full and have no non-current liabilities.

33. Significant event

Baoman Rubber Limited ("Baoman"), a wholly-owned subsidiary of the Group had on 15 October 2010 entered into a Service Agreement ("the Service Agreement"), with an unrelated third party ("the Agent") to act for and on behalf of Baoman in applying for economic concession rights over approximately 10,000 hectares of land ("the Leased Property") in Mondulkiri Province, Kingdom of Cambodia from the Royal Government of Cambodia for agricultural investment purposes ("the Application"). Pursuant to the Service Agreement, the Agent shall submit all necessary applications, documentations and all required works to the government entities and authorities for the concession rights over the Leased Property for a process fee of USD280 per hectare which will only be payable upon successful principle approval. The Agent is undertaking all the risk in making the Application for and on behalf of Baoman as all related costs in submitting the application which includes environmental impact studies over 10,000 hectares will be borne by him alone and Baoman bears no risks in the Application.

34. Comparative figures

The following comparative figures as reported in the Statements of Comprehensive Income have been reclassified to conform with the current year's presentation.

	Previously reported RM	**Re-classification RM**	**Restated RM**
For the financial year ended 31 December 2009			
Cost of sales	142,142,725	1,862,442	144,005,167
Administrative and general expenses	9,614,860	(1,862,442)	7,752,418

SUPPLEMENTARY INFORMATION

35. Supplementary information – breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group RM	Company RM
Total retained profits of the Company and its subsidiaries		
- Realised	91,390,950	10,850,662
- Unrealised	(10,396,337)	408,452
	80,994,613	11,259,114
Less: Consolidation adjustments	(33,987,771)	-
Retained profits as per financial statements	47,006,842	11,259,114

ANALYSIS OF SHAREHOLDINGS

As At 31 March 2011

SHARE CAPITAL

Authorised share capital	:	RM200,000,000.00 divided into 400,000,000 Ordinary Shares of RM0.50 each
Issued and paid up share capital	:	180,120,750 Ordinary Shares of RM0.50 each
Class of share	:	Ordinary Shares of RM0.50 each
Voting rights	:	1 vote per Ordinary Share
Number of shareholders	:	1,836

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%[1]	NO. OF SHARES	%[1]
1 - 99	30	1.63	1,345	0.00
100 - 1,000	51	2.78	21,932	0.01
1,001 - 10,000	1,131	61.60	4,672,473	2.59
10,001 - 100,000	554	30.17	16,783,250	9.32
100,001 - 9,005,786*	66	3.59	46,126,750	25.61
9,005,787 and above **	4	0.22	112,500,000	62.46
Total	1,836	100.00	180,105,750	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 15,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 31 March 2011.

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2011

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 :-

	DIRECT INTEREST		INDIRECT INTEREST	
NAME OF SUBSTANTIAL SHAREHOLDER	NO. OF SHARES HELD	%[1]	NO. OF SHARES HELD	%[1]
LG Capital Sdn. Bhd.	81,000,000	44.97	0	0
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
Hey Shiow Hoe	10,499,998	5.83	81,000,000*	44.97

Note:
(*) Deemed interested by virtue of his shareholding of more than 15% in LG Capital Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965
([1]) excluding a total of 15,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 31 March 2011

ANALYSIS OF SHAREHOLDINGS

As At 31 March 2011 (cont'd)

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2011

The respective shareholdings of the Directors of BP Plastics Holding Bhd. based on the Register of Directors' Shareholdings are as follows:-

Name of Directors	No. of Options Granted over Shares of RM0.50 each	No. of Options Exercised	Direct Interest No. of Shares Held	%[1]	Indirect Interest No. of Shares Held	%[1]
Lim Chun Yow	1,280,000	-	10,500,003	5.83	81,165,000*	45.06
Tan See Khim	1,280,000	-	10,499,999	5.83	81,165,000*	45.06
Hey Shiow Hoe	1,280,000	-	10,499,998	5.83	81,165,000*	45.06
Boo Chin Liong	100,000	-	27,000	0.02	-	-
Koh Chin Koon	100,000	-	27,000	0.02	-	-
Lim Kim Hock	-	-	-	-	-	-

Note :

(*) Deemed interested by virtue of:-

i) His shareholding of 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 15,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 31 March 2011.

THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2011

NO.	SHAREHOLDER	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 SHIOW 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 (29001 KMBG)	6,165,900	3.42
8	TAY KHIANG PUANG	5,543,250	3.08
9	CHENG WEE KIONG	2,676,150	1.49
10	GAN HONG LIANG	1,196,250	0.66
11	CHANG YEE FONG	1,130,000	0.63
12	LIM CHIN SIONG	1,019,800	0.57
13	LIM KEW SENG	807,150	0.45
14	CHENG ENG LEONG	630,000	0.35
15	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SAI LIM (M)	571,000	0.32
16	TAN SOON LAN	545,150	0.30

ANALYSIS OF SHAREHOLDINGS

As At 31 March 2011 (cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2011 (C0NT'D)

NO.	SHAREHOLDER	NO. OF SHARES	%[1]
17	ABD. HAMID BIN IBRAHIM	450,000	0.25
18	AMSEC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HONG KIM FOOK	431,200	0.24
19	QUAH LAKE JEN	404,950	0.22
20	ELITE VENTURES SDN BHD	385,750	0.21
21	PERMODALAN PELADANG BERHAD	375,000	0.21
22	MD RASID BIN MOHAMAD	345,150	0.19
23	ER HOCK LAI	328,600	0.18
24	QUAH PENG CHIN @ QUAH PAIK SZE	300,000	0.17
25	SEE LEONG CHYE @ SZE LEONG CHYE	292,500	0.16
26	NG MING TIONG	278,500	0.15
27	OOI CHOI KIAT	270,700	0.15
28	SEE EWE BENG	255,000	0.14
29	TANG THENG KOW	238,000	0.13
30	LEO SEU HAA	236,000	0.13

([1]) excluding a total of 15,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 31 March 2011.

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)	7	19.11.2003	1,945	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. 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 - 16 years Double-Storey Office Building - 14 years	08.06.1994 28.08.1996	1,969	31-Dec-09
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)	13	29.04.1997	1,739	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)	7	28.05.2003	2,336	31-Dec-09
No P.T.D. : 35099 No H.S.(D) : 38296 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 8, Jln Wawasan 4, Kaw. Perindustrian Sri Gading, Batu Pahat, Johor.	Leasehold 60 years/ 05.10.2057	10 Acres/ 39,600 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory)	9	07.11.2001	3,255	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)	5	07.04.2006	9,877	31-Dec-09
No Hakmilik : GRN 23703 Lot No.: 2897 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor	Freehold	2 Acres/ 87,120 sq ft	A parcel of Agricultural Land (Vacant)	NA	NA	680	15-Sep-10

NOTICE OF ANNUAL GENERAL MEETING

For The Year Ended 31 December 2010

NOTICE IS HEREBY GIVEN that the SEVENTH ANNUAL GENERAL MEETING of the Company will be held at Emerald Room, Level 2, Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor Darul Takzim on Monday, 23rd day of May 2011 at 2:00 p.m. or at any adjournment thereof for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Report of the Directors' and the Auditor's thereon. **(Resolution 1)**

2. To approve the payment of Directors' Fees for the financial year ended 31 December 2010. **(Resolution 2)**

3. To re-elect Mr. Lim Chun Yow who is retiring pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered himself for re-election. **(Resolution 3)**

4. To re-elect Mr. Hey Shiow Hoe who is retiring pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered himself for re-election. **(Resolution 4)**

5. To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2011 and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. **As Special Business**

   To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolution:-

ORDINARY RESOLUTION

- **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **(Resolution 6)**

  "THAT subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. To transact any other ordinary business for which due notice has been given.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)
Company Secretary

Kuala Lumpur
Date: 23 April 2011

NOTICE OF ANNUAL GENERAL MEETING

For The Year Ended 31 December 2010 (cont'd)

Explanatory Notes to Special Business:

Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act 1965 granted at the Seventh AGM of the Company (hereinafter referred to as the "General Mandate").

The purpose of the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of shares issued does not exceed 10% of the issued share capital of the Company during the twelve (12) months for the time being.

The General Mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/ or acquisitions.

The Company had been granted a General Mandate by its shareholders at the Sixth AGM of the Company held on 24 May 2010 (hereinafter referred to as the "Previous Mandate"). As at the date of this Notice, no new shares were issued pursuant to the Previous Mandate.

This General Mandate, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting.

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. 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 appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

Where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

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 such power of authority, shall be deposited at the Company's Registered Office at 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor Darul Takzim not less than 48 hours before the time appointed of holding the above meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.

PROXY FORM

Number of Shares Held

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

*I/We, (full name in capital letters) ______________________________

of (full address) ______________________________ being a *member/members

of BP PLASTICS HOLDING BHD ("the Company"), hereby appoint (full name in capital letters)

____

of (full address) ______________________________

or failing *him/her, (full name in capital letters) ______________________________

of (full address) ______________________________

or failing *him/her, the *CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us and on *my/our behalf at the Seventh Annual General Meeting of the Company to be held at Emerald Room, Level 2, Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor Darul Takzim on Monday, 23 May 2011 at 2:00 p.m. and at any adjournment thereof.

The Proportion of *my/our holding to be represented by *my/our proxies are as follows:-

First Proxy (1) ____________%

Second Proxy (2) ____________%

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

NO.	AGENDA / RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Report of the Directors' and the Auditor's thereon.		
2.	To approve the payment of Directors' Fees for the financial year ended 31 December 2010.		
3.	To re-elect Mr. Lim Chun Yow who is retiring pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
4.	To re-elect Mr. Hey Shiow Hoe who is retiring pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
5.	To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
6.	**Special Business** Ordinary Resolution - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		

* Strike out whichever not applicable (unless otherwise instructed, the proxy may vote as he/she thinks fit)

As witness my/our hand(s) this ____________ day of ____________, 2011

____
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. 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 appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

Where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

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 such power of authority, shall be deposited at the Company's Registered Office at 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor Darul Takzim not less than 48 hours before the time appointed of holding the above meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.

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STAMP

To:

BP PLASTICS HOLDING BHD

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

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