BP PLASTICS HOLDING BHD (644902-V)

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

Tel: 607 455 7633 • Fax: 607 455 7699

www.bpplas.com

BP PLASTICS HOLDING BHD (644902-V) ANNUAL REPORT 2011

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

BPPLAS

ANNUAL REPORT
2011

Stretching Beyond

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

VISION and MISSION

VISION
To be the plastics packaging specialist of choice in Asian Region

MISSION
To produce reliable and high quality packaging products for industries.

BPPLAS is a Polyethylene Film and Bag manufacturer. We specialize in stretch, and shrink films that are used to protect and enhance palletized goods product safety handling in warehousing and transportation. BPPLAS also produce various premier 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.

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
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Tel: 07-455 7633
Fax: 07-455 7699
Email: enquiry@bpplas.com

HEAD/MANAGEMENT OFFICE
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83300 Batu Pahat
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Tel: 07-455 7633
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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)*
  Maintenance Manager
- **Tay Peh Hwee** *(Member)*
  Plant Manager
- **Koh Chu How** *(Member)*
  Marketing Manager

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

CORPORATE STRUCTURE

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

BPPLAS

- **100%** BP Plastics Sdn Bhd (Company No. 221104-W)
- **100%** BP Packaging Sdn Bhd (Company No. 540196-U)
- **100%** BPPlas Plantation Sdn Bhd (Company No. 904086-A)
  - **100%** Baoman Rubber Limited (Cambodia) (Company No. 2039E/2010)

CORPORATE PROFILE

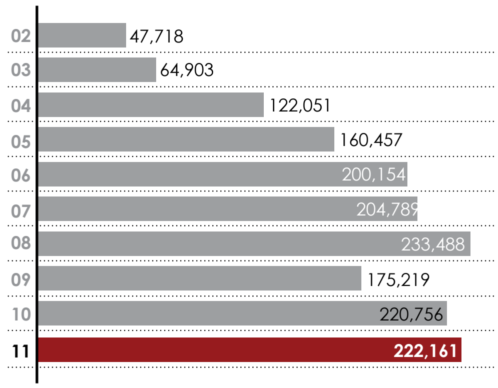
BP Plastics Holding Bhd, an investment holding and provision of management services company, was incorporated in Malaysia under the Companies Act, 1965 on 9 March, 2004.

The principal activities of its subsidiaries are as follows:

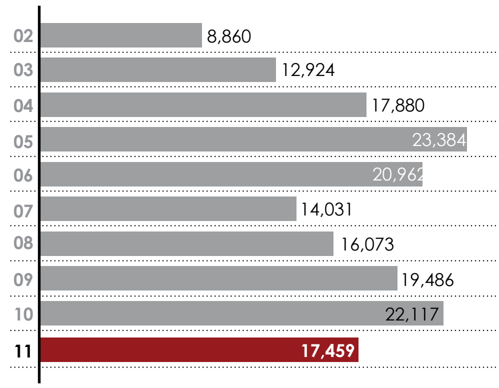
Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
BP Plastics Sdn Bhd *(Company No: 221104-W)*	18 July, 1991/ Malaysia	100	Manufacturing
BP Packaging Sdn Bhd *(Company No: 540196-U)*	23 February, 2001/ Malaysia	100	Trading
BPPlas Plantation Sdn Bhd *(Company No: 904086-A)*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

PAST YEARS FINANCIAL HIGHLIGHTS

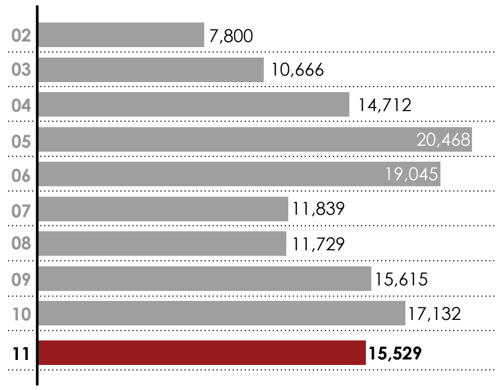
TURNOVER (RM'000)



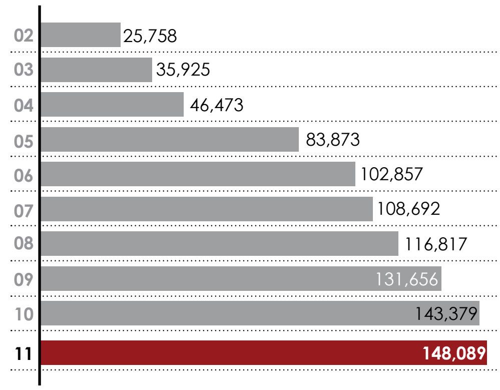
PROFIT BEFORE TAX (RM'000)



PROFIT AFTER TAX (RM'000)



SHAREHOLDERS' FUND (RM'000)



	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	2011 RM'000
TURNOVER	47,718	64,903	122,051	160,457	200,154	204,789	233,488	175,219	220,756	**222,161**
EBITDA	11,172	15,303	21,389	27,488	26,582	19,888	22,544	26,234	29,424	**24,476**
PROFIT BEFORE TAX	8,860	12,924	17,880	23,384	20,962	14,031	16,073	19,486	22,117	**17,459**
PROFIT AFTER TAX	7,800	10,666	14,712	20,468	19,045	11,839	11,729	15,615	17,132	**15,529**
SHAREHOLDERS' FUNDS	25,758	35,925	46,473	83,873	102,857	108,692	116,817	131,656	143,379	**148,088**
ROE	35.34%	34.58%	35.71%	31.41%	20.40%	11.19%	10.40%	12.57%	12.46%	**10.66%**
NON CURRENT ASSET	21,049	36,325	37,543	64,158	67,598	72,074	67,217	70,392	67,144	**76,104**
ROA	37.06%	29.36%	39.19%	31.90%	28.17%	16.43%	17.45%	22.18%	25.52%	**20.41%**
EPS *	6.50	8.89	12.26	17.06	15.86	9.86	6.51	8.67	9.51	**8.62**
Net Div (sen)	na	na	na	7	5	3	2	3	4	**4**
NTA per share (RM)	na	na	0.57	0.72	0.86	0.91	0.65	0.73	0.80	**0.82**

* *based on 120 Million shares for 2002 to 2005, 120.08 Million shares for 2006 to 2007, 180.12 Million shares for 2008 to 2009, 180.11 Million shares for 2010 and 180.09 Million shares for 2011.*

Note: *The financial figures for 2002 to 2004 are prepared based on proforma consolidated basis on the assumption that the current structure of the Group has been in existence since the financial year ended 31 December 2000.*

BOARD OF DIRECTORS

From Left to Right

Mr. Koh Chin Koon

Mr. Hey Shiow Hoe

Mr. Lim Chun Yow

Mr. Tan See Khim

Mr. Lim Kim Hock

Mr. Boo Chin Liong

LIM CHUN YOW

Age: 49

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: 5/5

TAN SEE KHIM

Age: 48

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: 5/5

HEY SHIOW HOE

Age: 49

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: 5/5

BOO CHIN LIONG

Age: 51

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: 5/5

KOH CHIN KOON

Age: 42

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: 5/5

LIM KIM HOCK

Age: 46

Nationality: Malaysian

Position in the Company: Independent Non-Executive Director

Qualification: Member of the Malaysian Institute of Accountants, Fellow Member of the Malaysian Institute of Taxation; and Fellow 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. 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: None.

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: 5/5

Green

BPPLAS

INFINITY™ HILLPLUS™ PRIORITY™ PRIORITY™

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 Director 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 2011, BP Plastics Holding Bhd ("BPPLAS") bought back a total of 20,000 of its ordinary shares of RM0.50 each from the open market with the details as follows:

Monthly Breakdown 2011	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		
April	10,000	0.62	0.62	0.62	0.62	6,248.86
May	10,000	0.62	0.62	0.62	0.62	6,248.86
Total	20,000	0.62	0.62	0.62	0.62	12,497.72

(*) 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 2011, a total of 35,000 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

No options, warrants or convertible securities were issued by BPPLAS or exercised during the financial year ended 31 December 2011.

DEPOSITORY RECEIPT ("DR")

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

IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on BPPLAS and its subsidiaries, by any regulatory bodies during the financial year ended 31 December 2011.

NON-AUDIT FEES

The amount of non-audit fee paid to the External Auditors by the Group during the financial year ended 31 December 2011 amounted to RM19,700/-.

VARIATION IN RESULTS

There was no significant variation between the audited results and the unaudited results for the financial year ended 31 December 2011.

PROFIT FORECAST / PROFIT GUARANTEE

There was no profit forecast issued by BPPLAS in the financial year ended 31 December 2011.

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 2011.

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 29 to the financial statements.

CONVICTION FOR OFFENCES

None of the Directors have any conviction for 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 19 March, 2012 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 RM2,000/-.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

The Company had granted options under the ESOS governed by the ESOS By-Laws that was approved by the Company's shareholders at the Extraordinary General Meeting held on 10 January 2005. Subsequently, the shareholders had approved the extension of duration of ESOS for another 5 years to 13 February 2015. There is one (1) ESOS in existence during the financial year ended 31 December 2011 with information as follows:

	During the financial year ended 31 December 2011	Since commencement of the ESOS on 10 January 2005
Total number of options or shares granted	-	13,080,000
Total number of options exercised or shares vested	-	80,500
Total options or shares outstanding	8,779,000	8,779,000

Granted to Directors and Chief Executive	During the financial year ended 31 December 2011	Since commencement of the ESOS on 10 January 2005
Aggregate number of options or shares granted	-	4,040,000
Aggregate number of options exercised or shares vested	-	-
Aggregate number of options or shares outstanding	-	4,040,000
Aggregate maximum allocation in percentage	-	50%
Actual percentage granted	-	22.44%

Dear Shareholders of BP Plastics Holding Berhad,

One behalf of The Board of Directors, I am pleased to present the annual report and audited financial statement for the year ended 31 December, 2011.

BUSINESS OVERVIEW

Massive global liquidity, high raw material and energy costs coupled with sudden demand disruption triggered by massive energy shortage in Japan weakened our overall FY2011 performance. However, we still achieved a relatively fair Return on Equity (ROE) of 10.66% under such challenging global business environment.

FINANCIAL PERFORMANCE

BPPLAS Group of companies achieved marginal 1% revenue increase to RM222 million in FY2011 compared to revenue of RM221 million achieved in FY2010. Profit Before Tax (PBT) for the Group recorded a significant 21% decline to RM 17.459 million in FY2011 compared to PBT of RM22.117 million achieved in FY2010. This was mainly attributable to higher raw material input cost and increased operating expenditure as a result of global inflationary on energy and commodity prices. Demand from one of our leading export markets, Japan, was affected due to supply chain disruption caused by serious energy supply shortage.

As a result of the high costs and weak demand, Profit after tax (PAT) for FY2011 was also down by 9.4% to RM15.529 million, as compared to RM17.132 million in FY 2010. Effective tax rate for the current financial year of 11% is lower than the statutory rate of 25%, due to tax incentives granted to our manufacturing subsidiary.

EPS is 8.62 sen in FY2011 compared to 9.51 sen in FY2010.

DIVIDEND

A total of 4 sen (8%) per share interim dividend, amounting to RM7.2million (RM7.2 million in FY2010) was declared and paid in 2 tranches to our shareholders on 9th November 2011 and 28th March 2012 respectively.

Our board's aspiration is to distribute 20% to 40% PAT as dividends to our shareholders, to improve shareholder value creation and reward existing shareholders' continuous support. Since listing on Bursa Malaysia in 2005, the board has paid out dividend yearly, ranging from 30% to 47% PAT to our shareholders. To-date, a total of 47% PAT has already been paid out in respect of FY2011 and no final dividend is being proposed. In future, the board would consider adopting a more defined dividend policy, to distribute at least 30% of our PAT to our shareholders.

REVIEW OF OPERATION AND OUTLOOK

BPPLAS is a globally competitive packaging film supplier specializing in producing high quality polyethylene film such as stretch film and shrink film, which is widely used for product protection and safety enhancement in warehouse and logistics. We also produce co-extrusion Polyethylene (PE) for high speed printing and sealant film for converters to do lamination with other subtracts in high speed auto wrapping for food packaging. We produce also packaging film for carton overwrap, builder film for construction industry, furniture & mattress cover and many other general PE film and bags, made to specification for more than 10 various industrial usages and application.

BPPLAS exported more than 65% of our production to more than 35 countries worldwide in 2011 and Japan has been our leading packaging film export destination for the last decade. Our export to Japan encountered significant decline in 3rd quarter 2011 in the aftermath of Japan government's proactive decision to shut down major nuclear plants for safety inspection, which caused massive energy shortages in eastern Japan and crippled the supply chain. Car, electronics and electrical manufacturers experienced unprecedented losses. Demand for logistic packaging such as stretch film faltered temporarily due to many businesses in Japan were not operating at optimal capacity. Despite different short term measures and initiatives taken to stimulate sales outside of Japan, we could only manage to recover lost sales and achieve marginal annual revenue growth under generally subdued global business environment. The group shall continue to develop new markets to achieve more consistent business performance.

Since the financial crisis in 2008, unemployment rates remained high while consumer demand and private consumption have been mainly fragile in USA and Eurozone despite the massive liquidity that has been injected globally to revive the economy. Under the low interest rate regime in OECD countries, the excess liquidity had spillover effects from funds movement into energy, commodities, equities and bond markets to earn higher yields and return. In emerging Asian economy context, this translates into highly inflationary energy, food and commodity prices. The elevated crude oil price not only keeps PE prices high but also impacts our operational cost with the Malaysian government opting to reduce subsidies, thereby lifting electricity tariff rates and gasoline prices several times during the year. The cost increase was not effectively passed down to customers or was lagged in transferring, amidst weak global demand. Consequently, we experienced a margin squeeze and our gross margin shrank from 15.7% to 13.5%. In addition, the group faced a challenging and volatile forex environment arising from capital flight and risk aversion deleveraging from the Asian economy when the European debts crisis spread to the peripheral nations. The group shall continue to improve efficiency and productivity through innovation, work closely with our customers on a better pricing mechanism and exercise more prudent forex control measures to minimize our financial exposure.

According to Bank Negara Malaysia annual report 2011, Malaysian economy is projected to achieve a moderate 4 to 5% growth in 2012, amid high crude oil prices of USD100 to USD105 per barrel due to Iran's Hormuz strait tension. Major economies such as US and Japan would achieve subpar growth of 1.8% and 1.7% respectively, but Euro zone is expected to head for a mild recession at -- 0.5% as Eurozone governments impose self-imposed austerity measures and restrained credit condition. However, Emerging economies in Asia will still be the main spur with 7.3% growth, with Asean 5 and China economy expected to achieve a healthy 5.2% and 8.2 % growth respectively. The group shall step up our business development in the emerging Asian economies to benefit from this high growth region.

REVIEW OF OPERATION AND OUTLOOK (cont'd)

Malaysian domestic economy will be well supported by moderated but sustained Foreign Direct Investment (FDI) inflows to the oil and gas sector investment and foreseeable benefits in the success implementation of the Economic Transformation programs (ETPs). Despite the manufacturing sector possibly achieving a modest 3.9% growth due to weak electrical and electronics product demand, however, positive and encouraging PMI data release from US and China, better job recruitment in US, more production capacity restoration in Japan and subsided European debt crisis should reinstate better consumer confidence to build up demand consumption. The group shall work closely with our key customers to innovate and develop business along with the changing business landscape.

With the successful commissioning and production commencement of our 4th stretch film line, the group capability and capacity have improved further and is now capable in supplying thinner gauge products especially since more businesses are adopting environmental friendly approach to reduce carbon footprint. The group will be in a better position to offer wider product range and mix, with faster delivery lead time to all our customers worldwide. The group shall continue to strive for better efficiency and productivity, continue to pursue cost savings and reduction program to remain competitive.

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 guide our 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 pursuit its 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 would continue to outsource our internal audit function to qualified auditors to conduct regular audits and review on our group business policies and operating procedures. This shall ensure the group's policies and procedures would support the group strategic objectives and business plan for long term growth. The group shall benchmark with best practices worldwide for continuous improvement and enhancement. Detailed information can be obtained from the Group's corporate governance statement.

CORPORATE DEVELOPMENT

The Group's application 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 by Baoman Rubber Limited ("BAOMAN"), an indirect wholly-owned subsidiary, for agricultural investment purposes, is still pending approval. A detailed announcement will be made at the appropriate time if and when there is material development.

The board shall endeavor our best efforts for the land application. The board is committed to diversify into investments that enhance our long term earnings.

CORPORATE SOCIAL RESPONSIBILITY

The group's corporate social responsibility (CSR) programs are mainly targeted to focus on people, market and planet.

CSR activities in 2011 are as follows:

1. **Education**

   The group always believe that education is the best approach to improve the quality of life for the next generation. To keep abreast with the latest information technology, the group has donated RM30,000 to a local vernacular school to install new IT networking infrastructure to conduct e-learning.

2. **Health Care**

   we have organized our 2nd Blood Donation Program in Batu Pahat Mall together with co-sponsors, Batu Pahat General Hospital (GH) and Pantai Hospital. We collected 158 bags of blood for our national blood bank. Together with the supportive public, many of our employees also took part in this meaningful event.

3. **Environment**

   As member of the Malaysian Plastics Manufacturer Association (MPMA) Johor Branch, BPPLAS group continuously supports and participates in MPMA's various initiatives. MPMA-Scientex 3Rs Awareness Programs 2011 which was successfully launched and well received by the Johor community.

APPRECIATION

The group would like to thank our Board of Directors, management team and staff members for their dedication and commitment in delivering a commendable good corporate result in 2011 despite the challenges faced during the year. In addition, the group would also like to thank our corporate advisors, customers and various groups of stakeholders for their unwavering and strong support over the years.

Yours faithfully,

CY Lim

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").

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 balance to safeguard the interest of the minority shareholders and other stakeholders as well as 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 shareholders 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 20 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 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 of 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 provided 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 in 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. 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 assisted by two (2) Executive Directors. He has successfully led the Group over the past 22 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 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. 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.

A. BOARD OF DIRECTORS (CONT'D)

2. Board Responsibilities (cont'd)

Due to the lean organisational 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 Chairman/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. The Committees of the Board comprised of the Audit Committee (see Report on Audit Committee set out on pages 26 to 29, 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 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 under review, five (5) 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 2011	No. of Meetings Attended
Lim Chun Yow	5	5
Tan See Khim	5	5
Hey Shiow Hoe	5	5
Boo Chin Liong	5	5
Koh Chin Koon	5	5
Lim Kim Hock	5	5

The Directors remain fully committed and dedicated as reflected by their full attendance at Board meetings held during the financial year ended 31 December 2011.

A. BOARD OF DIRECTORS (CONT'D)

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 sent to Directors 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.

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 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 matters 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.

A. BOARD OF DIRECTORS (CONT'D)

5. Appointment to the Board (cont'd)

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

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, experience 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 Committees and their performance.

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

6. Directors' Development and Training

There is a familiarisation 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. The Board has empowered the directors of the Company to determine their own training requirements as they consider necessary or deem fit 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 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.

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 2011:

Name of Director	Course Attended	Date of Seminar
Lim Chun Yow	• Strategic HR Transformation & Organization Development	14 March 2011
	• Environment, Safety & Health	14 April 2011
Hey Shiow Hoe	• Technical Seminar on Plastics Technology	9 November 2011
Tan See Khim	• The Miracles of Capital (4th)	19 November 2011
Boo Chin Liong	• The Global Economic Slowdown of 2007-2008-Present: Its Impact On Malaysia	7 June 2011
Koh Chin Koon	• Workshop on maximizing tax incentives	17 August 2011
Lim Kim Hock	• National Tax Conference 2011	19 & 20 July 2011
	• ICAEW Economic Insight - South East Asia region Update	19 September 2011
	• Budget 2011 Seminar	3 November 2011

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 in every three (3) years but shall be eligible for re-election.

Directors who are appointed during the financial year are subjected to 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:

a) 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 reviewing the Group's financial reporting processes, 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. The Audit Committee meets the external auditors at least twice a year to discuss their audit plan, audit findings and the Company's financial statements.

B. BOARD COMMITTEES (CONT'D)

a) The Audit Committee (cont'd)

The summary of 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 29 of this Annual Report.

b) The Nomination Committee

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

c) The Remuneration Committee

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

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

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

The component parts of remuneration of the directors of the Company are structured so as 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 directors. The Executive Directors will abstain from participating in the discussion with respect to their own remuneration. The determination of remuneration of Non-Executive Directors is a matter for the Board as a whole. The individual concerned has abstained from discussion and decision of his own remuneration.

The remuneration of Non-Executive Directors comprises fees, meeting allowances and participation in the Employees Share Option Scheme ("ESOS") while the remuneration package of Executive Directors comprise 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.

B. BOARD COMMITTEES (CONT'D)

c) The Remuneration Committee (cont'd)

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

The breakdown of the remuneration of the Directors of the Company for the financial year ended 31 December, 2011 is as follows:

Total Remuneration	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Fees	188	90	278
Salary, Bonus and Other Emoluments	1,680	-	1,680
Allowances	-	8	8
Employees Provident Fund	319	-	319
	2,187	98	2,285

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
RM600,001 to RM650,000	1	-	1
RM650,001 to RM700,000	-	-	-
RM700,001 to RM750,000	1	-	1
RM750,001 to RM800,000	-	-	-
RM800,000 to RM850,000	1	-	1
	3	3	6

B. BOARD COMMITTEES (CONT'D)

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

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

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

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

The ESOS Committee did not meet during the financial year as there was no new allocation of ESOS during the year under review.

e) The Risk Management Committee

The Risk Management Committee was formed on 26 October, 2006 to ensure the Group achieves its corporate objectives by applying effective enterprise risk management control. The Risk Management Committee reviews and identifies key risks as well as oversees the overall management of all risks and 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	Maintenance Manager	Member
5.	Lee Kuan Hock	Finance Manager	Member
6.	Tay Peh Hwee	Plant Manager	Member
7.	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. Apart from this, financial results and other corporate information as contained in the Annual Reports and Circulars to shareholders are available to enable shareholders and investors to have better understanding 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 of dialogue with shareholders of the Company is the Company's AGM. The AGM represents the primary platform for direct two-way interactions between shareholders, Directors and senior management of the Company. During the AGM, shareholders who attend the AGM are encouraged to raise questions pertaining to the items of the agenda of the AGM. All Directors and senior management, where appropriate, will provide feedback, answers and clarifications to the questions raised from the shareholders during the AGM.

At the AGM of the Company, the Chairman of the Company presents an executive summary highlighting key financial, corporate information and achievement of the Group. 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 available 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.

3. Extraordinary General Meeting

The Board will convene an Extraordinary General Meeting if a situation arises that require shareholders' approval. 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 management 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 charge of investor relations activities is Mr. Lim Chun Yow, the Chairman cum Managing Director of the Company.

D. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

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

D. ACCOUNTABILITY AND AUDIT (CONT'D)

1. Financial Reporting (cont'd)

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 33.

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. 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 on Internal Controls are on pages 30 to 32 of this Annual reports.

3. Relationships with the Auditors

The Group's independent external auditors is essential for all shareholders by ensuring the reliability of the Group's financial statements. From time to time, the external auditors will bring to the Audit Committee's attention of any significant deficiency in the Group's control system. In accordance with the terms of reference of the Audit Committee, the Audit Committee meets with the external auditors at least twice a year to discuss their audit plan, audit findings and the financial statements of the Company. 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 AGM 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 29 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.

E. Deviations from Best Practices

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.

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 separated 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 consists of the following members:

1. **CHAIRMAN**
   Koh Chin Koon — *Independent Non-Executive Director*

   MEMBERS
   Boo Chin Liong — *Independent Non-Executive Director*
   Lim Kim Hock — *Independent Non-Executive Director*

2. **SUMMARY OF THE TERMS OF REFERENCE**

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

   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, in the absence of other directors and employees of the Company, whenever necessary.

   Notwithstanding anything stated above, 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 follows:

   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);
   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 it 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 review 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.

2. **Summary of the Terms of Reference (cont'd)**

DUTIES (cont'd)

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 the same to the Board of Directors of the Company:
   1) with the external auditor, the audit plan;
   2) with the external auditor, his evaluation of the system of internal controls;
   3) with the external auditor, his audit report; and
   4) the assistance given by the employees of the Company and the Group to the external auditor.
h) To review and discuss any management letter sent by the external auditors to the Company and the management's response to such letter;
i) To consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;
j) To review all areas if significant financial risk and the arrangements in place to contain those risks to acceptance levels;
k) To consider and review any related-party transactions and potential conflict of interest situations that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
l) To review and report the same to the Board of Directors of the Company whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;
m) To review the allocation of options pursuant to the Employees' Share Options Scheme and make such statement to be included in the annual report of the Company in relation to a share scheme for employees;
n) Any such other functions as may be agreed by the Committee and the Board.

RESPONSIBILITY

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

3. **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, 2011. The Managing Director, Finance Manager, 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.

3. SUMMARY OF AUDIT COMMITTEE ACTIVITIES DURING THE YEAR (CONT'D)

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

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

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

a. reviewed the quarterly unaudited financial statements of the Group and the Company prior making the recommendations to the Board of Directors for approval;
b. reviewed inter-company transactions and/or any related party transaction or conflict of interest situations that arose within the Group or the Company;
c. discussion on the Company's Corporate Governance process and the application of the key principles and best practices of Corporate Governance and the compliance with the Listing Requirement of the Bursa Malaysia Securities Berhad;
d. discussion and reviewed the semi-annual returns pursuant to the Paragraph 8.10 of Chapter 8 of the Listing Requirements of the Bursa Malaysia Securities Berhad;
e. discussed and reviewed the annual audited financial statements of the Group and the Company and made recommendations to the Board of Directors for approval;
f. discussed and reviewed the external auditors' scope of work and the audit planning memorandum;
g. Evaluated the performance of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration;
h. 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;
i. discussed 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;
j. discussion and reviewed the internal auditors' scope of work and the audit planning memorandum;
k. discussed and reviewed internal auditors' audit methodology in assessing and rating risks of auditable areas;
l. discussed and reviewed the interim audit findings from the Internal Auditors; and
m. discussed 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.

4. REVIEW OF EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

During the year, no options were being offered under the ESOS.

5. **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 2011. The primary function of the internal audit is 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 to 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 2011 are as follows:

	RM
Group	16,000

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 Control: 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 Manufacturing, Sales & Marketing, Finance 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 Managing Director for prompt response. This culture provides opportunity for every employee of the Group to solve matters quickly and efficiently by drawing experience and knowledge from all levels of staff within the Group.

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

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

- The OHSAS 18001:2007 Occupational Health and Safety Management System for monitoring of safety and health;

- Monthly monitoring of results against budget with major variances being followed up and action taken by management, where necessary; and

- Monitoring mechanism in the form of scheduled Management Committee meetings on reviewing the Group's operations, financial performance and human resource matters.

THE BOARD'S COMMITMENT

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

The Board confirms that is has reviewed the effectiveness of the system of internal control 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 judgements 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
- ensure 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 the financial position of the Group with reasonable accuracy at any time, thus enabling the financial statements to be complied 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

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 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 13 to the financial statements.

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

	Group RM	Company RM
Profit net of tax, attributable to owners of the parent	15,529,251	6,925,430

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 amounts of dividends paid by the Company since 31 December 2010 were as follows:

	RM
In respect of financial year ended 31 December 2010	
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
In respect of financial year ended 31 December 2011	
First interim tax exempt dividend of 4% (2 sen per share), on 180,085,750 ordinary shares paid on 9 November 2011	3,601,715
	10,805,945
In respect of financial year ended 31 December 2011	
Second interim tax exempt dividend of 4% (2 sen per share), on 180,085,750 ordinary shares paid on 28 March 2012	3,601,715

The second interim tax exempt dividend in respect of the financial year ended 31 December 2011 amounting to RM3,601,715 (2 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 2012.

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

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 the 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 8 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			
	At 1.1.2011	Acquired	Sold	At 31.12.2011
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	140,000	-	167,000
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			
	At 1.1.2011	Granted	Exercised	At 31.12.2011
Lim Chun Yow	1,280,000	-	-	1,280,000
Tan See Khim	1,280,000	-	-	1,280,000
Hey Shiow Hoe	1,280,000	-	-	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.

DIRECTORS' INTERESTS (cont'd)

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.

TREASURY SHARES

During the financial year, the Company repurchased 20,000 of its issued ordinary shares from the open market at the average price of RM0.62 per share. The total consideration paid for the repurchase including transaction costs was RM12,497. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2011, the Company held as treasury shares a total of 35,000 of its 180,120,750 issued ordinary shares. Such treasury shares are held at a carrying amount of RM20,740 and further relevant details are disclosed in Note 25 to the financial statements.

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 28 to the financial statements.

During the year, no options were granted to eligible employees and directors.

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 names of option holder, other than directors, who have been granted options to subscribe for 100,000 or more ordinary shares during the year are as follows:

	Number of options over ordinary shares of RM0.50 each			
	At 1.1.2011	Granted	Exercised	At 31.12.2011
Chia Shau Yann	105,000	-	-	105,000
Guek Yeow Hong	125,000	-	-	125,000
Johar Bin Leb	100,000	-	-	100,000
Kaw (Foo) See Boon	244,000	-	-	244,000
Koh Chu How	205,000	-	-	205,000
Koh Yuet Lee	113,000	-	-	113,000
Lee Kuan Hock	196,000	-	-	196,000
Ng Phay Chern	114,000	-	-	114,000
Ng Wee Cheat	122,000	-	-	122,000
Tan Siau Hui	131,000	-	-	131,000
Zamri Bin Saman	115,000	-	-	115,000

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 there were no known bad debts 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 write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

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

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 April 2012.

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 80 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 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 36 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 23 April 2012.

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 81 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 23 April 2012.

Lim Chun Yow

Before me,

Ong San Kee (M015)
Commissioner For Oaths

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 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 80.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

The supplementary information set out in Note 36 on page 81 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
2187/09/13(J)
Chartered Accountant

Melaka, Malaysia
Date: 23 April 2012

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Revenue	4	222,161,474	220,756,204	6,610,000	7,750,000
Cost of sales		(192,209,198)	(186,175,786)	-	-
Gross profit		29,952,276	34,580,418	6,610,000	7,750,000
Other items of income					
Other income	5	2,061,137	2,385,581	1,365,146	1,181,452
Other items of expense					
Administrative and general expenses		(7,463,287)	(7,840,020)	(633,716)	(603,444)
Selling expenses		(7,047,343)	(6,996,140)	-	-
Finance costs		(43,597)	(12,572)	-	-
Profit before tax	6	17,459,186	22,117,267	7,341,430	8,328,008
Income tax expense	9	(1,929,935)	(4,985,128)	(416,000)	-
Profit net of tax		15,529,251	17,132,139	6,925,430	8,328,008
Other comprehensive income:					
Foreign currency translation, representing other comprehensive income for the year, net of tax		(1,443)	-	-	-
Total comprehensive income for the year		15,527,808	17,132,139	6,925,430	8,328,008
Earnings per share attributable to owners of the parent (sen per share):					
Basic	10	8.62	9.51		

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

STATEMENTS OF FINANCIAL POSITION
As At 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Assets					
Non-current assets					
Property, plant and equipment	12	76,103,979	67,143,663	-	-
Investment in subsidiaries	13	-	-	38,279,171	38,279,171
		76,103,979	67,143,663	38,279,171	38,279,171
Current assets					
Inventories	14	21,935,030	22,245,431	-	-
Trade and other receivables	15	31,234,943	31,752,227	18,889,891	16,696,712
Other current assets	16	416,265	16,559	5,600	2,000
Investment securities	17	100,800	100,800	-	-
Derivatives	18	-	139,835	-	-
Cash and cash equivalents	19	60,051,150	58,216,697	43,850,587	49,876,345
Tax recoverable		882,140	158,167	193,141	206,641
		114,620,328	112,629,716	62,939,219	66,781,698
Total assets		190,724,307	179,773,379	101,218,390	105,060,869
Equity and liabilities					
Current liabilities					
Loans and borrowings	20	9,555,900	-	-	-
Trade and other payables	21	21,719,410	23,999,760	307,394	256,861
Tax payable		-	1,450,364	-	-
		31,275,310	25,450,124	307,394	256,861
Non-current liabilities					
Deferred tax liabilities	22	11,361,000	10,944,624	-	-
Total liabilities		42,636,310	36,394,748	307,394	256,861
Net assets		148,087,997	143,378,631	100,910,996	104,804,008
Equity attributable to equity holders of the Company					
Share capital	23	90,060,375	90,060,375	90,060,375	90,060,375
Share premium	24	3,492,762	3,492,762	3,492,762	3,492,762
Treasury shares	25	(20,740)	(8,243)	(20,740)	(8,243)
Other reserves	26	2,825,452	2,826,895	-	-
Retained earnings	27	51,730,148	47,006,842	7,378,599	11,259,114
Total equity		148,087,997	143,378,631	100,910,996	104,804,008
Total equity and liabilities		190,724,307	179,773,379	101,218,390	105,060,869

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 2011

	Note	Share capital RM	Share premium RM	Treasury shares RM	Revaluation reserve RM	Foreign currency translation reserve RM	Distributable Retained earnings RM	Total RM
			← Non-distributable			→		
2011								
Group								
Opening balance at 1 January 2011		90,060,375	3,492,762	(8,243)	2,826,895	-	47,006,842	143,378,631
Total comprehensive income		-	-	-	-	(1,443)	15,529,251	15,527,808
Transactions with owners								
Purchase of treasury shares		-	-	(12,497)	-	-	-	(12,497)
Dividends	11	-	-	-	-	-	(10,805,945)	(10,805,945)
Total transactions with owners		-	-	(12,497)	-	-	(10,805,945)	(10,818,442)
Closing balance at 31 December 2011		90,060,375	3,492,762	(20,740)	2,826,895	(1,443)	51,730,148	148,087,997
2010								
Group								
Opening balance at 1 January 2010		90,060,375	3,492,762	(2,043)	2,826,895	-	35,278,176	131,656,165
Total comprehensive income		-	-	-	-	-	17,132,139	17,132,139
Transactions with owners								
Purchase of treasury shares		-	-	(6,200)	-	-	-	(6,200)
Dividends	11	-	-	-	-	-	(5,403,473)	(5,403,473)
Total transactions with owners		-	-	(6,200)	-	-	(5,403,473)	(5,409,673)
Closing balance at 31 December 2010		90,060,375	3,492,762	(8,243)	2,826,895	-	47,006,842	143,378,631

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the Financial Year Ended 31 December 2011

	Note	Share capital RM	Non-distributable Share premium RM	Non-distributable Treasury shares RM	Distributable Retained earnings RM	Total RM
2011						
Company						
Opening balance at 1 January 2011		90,060,375	3,492,762	(8,243)	11,259,114	104,804,008
Total comprehensive income		-	-	-	6,925,430	6,925,430
Transactions with owners						
Purchase of treasury shares		-	-	(12,497)	-	(12,497)
Dividends	11	-	-	-	(10,805,945)	(10,805,945)
Total transactions with owners		-	-	(12,497)	(10,805,945)	(10,818,442)
Closing balance at 31 December 2011		90,060,375	3,492,762	(20,740)	7,378,599	100,910,996
2010						
Company						
Opening balance at 1 January 2010		90,060,375	3,492,762	(2,043)	8,334,579	101,885,673
Total comprehensive income		-	-	-	8,328,008	8,328,008
Transactions with owners						
Purchase of treasury shares		-	-	(6,200)	-	(6,200)
Dividends	11	-	-	-	(5,403,473)	(5,403,473)
Total transactions with owners		-	-	(6,200)	(5,403,473)	(5,409,673)
Closing balance 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 2011

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Operating activities				
Profit before tax	17,459,186	22,117,267	7,341,430	8,328,008
Adjustments for:				
Depreciation of property, plant equipment	6,972,755	7,294,173	-	-
Fair value gain on derivatives	-	(139,835)	-	-
Gain on disposal of property, plant and equipment	(141,536)	(58,260)	-	-
Dividend income	-	-	(6,610,000)	(7,750,000)
Interest expense	43,597	12,572	-	-
Interest income	(1,559,325)	(1,274,165)	(1,365,147)	(1,181,452)
Operating cash flows before changes in working capital	22,774,677	27,951,752	(633,717)	(603,444)
Decrease in inventories	310,401	506,565	-	-
Decrease/(increase) in trade and other receivables	655,676	(5,912,655)	-	-
(Increase)/decrease in other current assets	(399,706)	55,579	(3,600)	-
(Decrease)/increase in trade and other payables	(2,280,350)	3,657,155	50,533	(25,005)
Cash flows from/(used in) operations	21,060,698	26,258,396	(586,784)	(628,449)
Interest paid	(43,597)	(12,572)	-	-
Income taxes paid	(3,700,443)	(4,290,963)	-	(1,636)
Income taxes refunded	12,547	62,338	-	62,338
Net cash flows from/(used in) operating activities	17,329,205	22,017,199	(586,784)	(567,747)
Investing activities				
Interest received	1,559,325	1,274,165	1,365,147	1,181,452
Proceeds from disposal of property, plant and equipment	191,518	125,240	-	-
Purchase of property, plant and equipment	(15,983,053)	(4,112,473)	-	-
Dividends received	-	-	6,207,500	7,687,500
Purchase of investment securities	-	(100,800)	-	-
Investment in a subsidiary	-	-	-	(2)
Net cash flows (used in)/from investing activities	(14,232,210)	(2,813,868)	7,572,647	8,868,950
Financing activities				
Purchase of treasury shares	(12,497)	(6,200)	(12,497)	(6,200)
Increase/(decrease) in loans and borrowings	9,555,900	(883,049)	-	-
Dividends paid	(10,805,945)	(5,403,473)	(10,805,945)	(5,403,473)
(Advance to)/repayment by a subsidiary	-	-	(2,193,179)	12,397,271
Net cash flows (used in)/from financing activities	(1,262,542)	(6,292,722)	(13,011,621)	6,987,598
Net increase/(decrease) in cash and cash equivalents	1,834,453	12,910,609	(6,025,758)	15,288,801
Cash and cash equivalents at 1 January	58,216,697	45,306,088	49,876,345	34,587,544
Cash and cash equivalents at 31 December (Note 19)	60,051,150	58,216,697	43,850,587	49,876,345

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

1. CORPORATE INFORMATION

BP Plastics Holding Bhd. (“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 described in Note 13. There have been no significant changes in the nature of the principal activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards (“FRS”) 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 as described fully in Note 2.2.

The financial statements of the Group and the Company have also been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) except when otherwise indicated.

2.2 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except that the Group and the Company adopted where applicable, the following new and amended FRS and IC Interpretations which become mandatory at the beginning of the current financial year.

FRS 1: First-time Adoption of Financial Reporting Standards
Amendments to FRS 2: Share-based Payment
FRS 3: Business Combinations
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127: Consolidated and Separate Financial Statements
Amendments to FRS 138: Intangible Assets
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners
Amendments to FRS 132: Classification of Rights Issues
IC Interpretation 18: Transfers of Assets from Customers
Amendments to FRS 7: Improving Disclosures about Financial Instruments
Amendments to FRS 1: Limited Exemptions for First-time Adopters
Amendments to FRS 1: Additional Exemptions for First-time Adopters
IC Interpretation 4: Determining Whether an Arrangement contains a Lease
Improvements to FRS issued in 2010

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

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

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

2.4 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Foreign Currency

(a) 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.

(b) 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 except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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.

(c) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 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, property, plant and equipment except for land and buildings are measured at cost less accumulated depreciation. 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 are not depreciated as these assets are not yet available for use.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 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.

2.8 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.

2.9 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Financial Assets (cont'd)

(a) 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.

(b) Loans and Receivables

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

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.

(c) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Financial Assets (cont'd)

(d) 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.

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.

2.10 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.

(a) 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.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.10 Impairment of Financial Assets (cont'd)

(a) Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost (cont'd)

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.

(b) 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.

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.

2.11 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.

2.12 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 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.

2.14 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.

(a) 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.

(b) Other Financial Liabilities

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

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.

Loans and borrowings 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Financial Liabilities (cont'd)

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.

2.15 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.

2.16 Employee Benefits

(a) Defined Contribution Plans

The Group make contributions to the Employee Provident Fund in Malaysia ("EPF"), 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.

(b) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Leases - 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.

2.18 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.

(a) 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.

(b) Interest Income

Interest income is recognised using the effective interest method.

(c) Dividend Income

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

2.19 Income Taxes

(a) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 Income Taxes (cont'd)

(b) 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 Income Taxes (cont'd)

(c) Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.20 Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.21 Treasury Shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.23 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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.

3.1 Judgements Made in Applying Accounting Policies

The management did not make any critical judgment in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

3.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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.

(a) Useful Lives of Plant and Machinery

The cost of plant and machinery for the manufacture of plastic products is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 10 to 15 years. These are common life expectancies applied in the 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.

(b) Impairment of Loans and Receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 15. If the present value of estimated future cash flows varies by 10% from management's estimates, the Group's allowance for impairment will increase/decrease by RM1,418,000.

4. REVENUE

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Gross dividends from subsidiaries	-	-	6,610,000	7,750,000
Sale of goods	222,161,474	220,756,204	-	-
	222,161,474	220,756,204	6,610,000	7,750,000

5. OTHER INCOME

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest income	1,559,325	1,274,165	1,365,146	1,181,452
Fair value gain on derivatives	-	139,835	-	-
Gain on foreign currency exchange	72,199	764,964	-	-
Gain on disposal of property, plant and equipment	141,536	58,260	-	-
Miscellaneous	288,077	148,357	-	-
	2,061,137	2,385,581	1,365,146	1,181,452

6. PROFIT BEFORE TAX

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Auditors' remuneration				
– current year	50,500	49,000	21,000	21,000
– under provision in prior year	1,000	-	-	-
Depreciation of property, plant and equipment (Note 12)	6,972,755	7,294,173	-	-
Non-executive directors' fees (Note 8)	97,500	82,500	97,500	82,500
Operating leases:				
– minimum lease payments for buildings	70,340	69,100	-	-
Employee benefits expense (Note 7)	11,486,887	10,455,588	187,500	150,000

7. EMPLOYEE BENEFITS EXPENSE

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Wages and salaries	9,235,018	8,147,710	187,500	150,000
Bonus	919,535	1,051,042	-	-
Social security contribution	77,264	69,620	-	-
Contributions to defined contribution plan	906,553	749,808	-	-
Other staff related expenses	348,517	437,408	-	-
	11,486,887	10,455,588	187,500	150,000

Included in the staff costs of the Group are executives directors' remuneration amounting to RM2,186,776 (2010: RM2,024,250) as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Directors of the Company				
Executive directors' remuneration:				
Salaries and other emoluments	1,417,500	1,260,000	-	-
Fees	187,500	150,000	187,500	150,000
Bonus	262,500	315,000	-	-
Defined contribution plan	319,276	299,250	-	-
Estimated money value of benefits-in-kind	58,715	73,960	-	-
	2,245,491	2,098,210	187,500	150,000
Non-executive directors' remuneration:				
Fees	90,000	72,000	90,000	72,000
Allowances	7,500	10,500	7,500	10,500
	97,500	82,500	97,500	82,500
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 7)	2,186,776	2,024,250	187,500	150,000
Total non-executive directors' remuneration (Note 6)	97,500	82,500	97,500	82,500
Total directors' remuneration	2,284,276	2,106,750	285,000	232,500

9. INCOME TAX EXPENSE

Major Components of Income Tax Expense

The major components of income tax expense for the years ended 31 December 2011 and 2010 are:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current income tax:				
Tax expense for the year	1,520,550	5,068,000	416,000	-
(Over)/under provision in prior years	(6,991)	161,382	-	-
	1,513,559	5,229,382	416,000	-
Deferred tax (Note 22):				
Relating to origination of temporary differences	377,456	63,392	-	-
Under/(over) provision in prior years	38,920	(307,646)	-	-
	416,376	(244,254)	-	-
Income tax expense recognised in profit or loss	1,929,935	4,985,128	416,000	-

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 2011 and 2010 are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit before tax	17,459,186	22,117,267	7,341,430	8,328,008
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	4,364,797	5,529,317	1,835,358	2,082,002
Effect of income not subject to tax	(518,908)	(312,082)	(1,559,730)	(2,155,835)
Effect of expenses not deductible for tax purposes	206,114	286,296	140,372	73,833
Effect of utilisation of current year's reinvestment allowance	(2,153,997)	(372,139)	-	-
(Over)/under provision of income tax expense in prior years	(6,991)	161,382	-	-
Under/(over) provision of deferred tax in prior years	38,920	(307,646)	-	-
Income tax expense recognised in profit or loss	1,929,935	4,985,128	416,000	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

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

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

10. EARNINGS PER SHARE

Basic earnings per share 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.

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 2011 RM	Group 2010 RM
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	15,529,251	17,132,139
	Number of Shares	**Number of Shares**
Weighted average number of ordinary shares for basic earnings per share computation *	180,093,175	180,110,134
Basic earnings per share (sen)	8.62	9.51

* *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.

The share options granted under the Company's Employee Share Option Scheme could potentially dilute basic earnings per share in the future but have not been included in the calculation of diluted earnings per share because they are antidilutive during the current financial year.

11. DIVIDENDS

	Group and Company 2011 RM	Group and Company 2010 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
– Final tax exempt dividend for 2009: 3 sen per share	-	5,403,473
– First interim tax exempt dividend for 2010: 4 sen per share	7,204,230	-
– First interim tax exempt dividend for 2011: 2 sen per share	3,601,715	-
	10,805,945	5,403,473

A second interim tax exempt dividend in respect of the financial year ended 31 December 2011 of 4% (2 sen per share), on 180,085,750 ordinary shares amounting to RM3,601,715 was paid on 28 March 2012. 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 2012.

12. 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 2010	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 and 1 January 2011	25,349,122	81,461,963	6,424,011	88,480	113,323,576
Additions	6,226	14,359,980	774,658	842,189	15,983,053
Reclassification	-	-	88,480	(88,480)	-
Disposals	-	(55,668)	(428,407)	-	(484,075)
At 31 December 2011	25,355,348	95,766,275	6,858,742	842,189	128,822,554
Representing:					
At cost	806,198	95,766,275	6,858,742	842,189	104,273,404
At valuation	24,549,150	-	-	-	24,549,150
At 31 December 2011	25,355,348	95,766,275	6,858,742	842,189	128,822,554
Accumulated depreciation:					
At 1 January 2010	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 and 1 January 2011	3,137,867	38,444,217	4,597,829	-	46,179,913
Depreciation charge for the year	490,145	5,857,613	624,997	-	6,972,755
Disposals	-	(6,045)	(428,048)	-	(434,093)
At 31 December 2011	3,628,012	44,295,785	4,794,778	-	52,718,575
Net carrying amount					
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
At cost	802,597	51,470,490	2,063,964	842,189	55,179,240
At valuation	20,924,739	-	-	-	20,924,739
At 31 December 2011	21,727,336	51,470,490	2,063,964	842,189	76,103,979

12. 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 2010	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 and 1 January 2011	1,089,647	8,017,903	16,241,572	25,349,122
Additions	-	-	6,226	6,226
At 31 December 2011	1,089,647	8,017,903	16,247,798	25,355,348
Representing:				
At cost	679,647	-	-	679,647
At valuation	410,000	8,017,903	16,247,798	24,675,701
At 31 December 2011	1,089,647	8,017,903	16,247,798	25,355,348
Accumulated depreciation:				
At 1 January 2010	-	857,903	1,791,246	2,649,149
Depreciation charge for the year	-	165,189	323,529	488,718
At 31 December 2010 and 1 January 2011	-	1,023,092	2,114,775	3,137,867
Depreciation charge for the year	-	165,192	324,953	490,145
At 31 December 2011	-	1,188,284	2,439,728	3,628,012
Net carrying amount				
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
At cost	679,647	-	122,950	802,597
At valuation	410,000	6,829,619	13,685,120	20,924,739
At 31 December 2011	1,089,647	6,829,619	13,808,070	21,727,336

(a) All the assets of the Group have been charged under a negative pledge to banks for banking facilities granted to the Group as referred to in Note 20.

(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.

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(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:

	2011 RM	2010 RM
Freehold land	815,893	815,893
Leasehold land	5,135,379	5,260,022
Factory buildings	9,456,320	9,678,062
	15,407,592	15,753,977

13. INVESTMENT IN SUBSIDIARIES

	Company 2011 RM	Company 2010 RM
Unquoted shares, at cost	38,279,171	38,279,171

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%) 2011	Proportion of ownership interest (%) 2010	Principal activities
Held by the Company:				
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	100	Dormant
Held through BPPlas Plantation Sdn. Bhd.:				
Baoman Rubber Limited	Cambodia	100	100	Dormant

14. INVENTORIES

	Group 2011 RM	Group 2010 RM
At cost:		
Raw materials	15,003,724	15,533,884
Work-in-progress	2,565,843	1,948,340
Spare parts	762,555	372,452
Finished goods	3,602,908	4,390,755
	21,935,030	22,245,431

15. TRADE AND OTHER RECEIVABLES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Current				
Trade receivables				
Third parties	30,727,293	31,389,158	-	-
Other receivables				
Sundry receivables	507,650	363,069	-	-
Amount due from a subsidiary	-	-	18,889,891	16,696,712
	507,650	363,069	18,889,891	16,696,712
	31,234,943	31,752,227	18,889,891	16,696,712
Total trade and other receivables	31,234,943	31,752,227	18,889,891	16,696,712
Add: Cash and bank equivalents (Note 19)	60,051,150	58,216,697	43,850,587	49,876,345
Total loans and receivables	91,286,093	89,968,924	62,740,478	66,573,057

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2010: 30 to 90 days) terms. They are 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:

	2011 RM	2010 RM
Neither past due nor impaired	13,739,459	15,167,155
1 to 30 days past due not impaired	8,140,115	8,804,624
31 to 60 days past due not impaired	6,358,842	5,080,016
61 to 90 days past due not impaired	2,232,526	1,827,873
91 to 120 days past due not impaired	224,630	343,626
More than 120 days past due not impaired	31,721	165,864
	16,987,834	16,222,003
	30,727,293	31,389,158

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.

Receivables that are Past Due but Not Impaired

The Group has trade receivables amounting to RM16,987,834 (2010: RM16,222,003) that are past due at the reporting date but not impaired.

15. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Related Party Balances

Amount due from a subsidiary is non-interest bearing, unsecured and repayable on demand.

16. OTHER CURRENT ASSETS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Prepaid operating expenses	5,600	16,559	5,600	2,000
Advances to suppliers of raw materials	410,665	-	-	-
	416,265	16,559	5,600	2,000

17. INVESTMENT SECURITIES

	Group			
	2011 RM		2010 RM	
	Carrying amout	Market value of quoted investments	Carrying amount	Market value of quoted investments
Held for trading investments – Equity instrument (quoted in Malaysia)	100,800	124,000	100,800	110,400

18. DERIVATIVES

	2011		2010	
	Contract/ notional amount RM	Assets RM	Contract/ notional amount RM	Assets RM
Non-hedging derivatives: Forward currency contracts	-	-	11,002,800	139,835

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 commitments existed at the reporting date.

During the last financial year, the Group recognised a gain of RM139,835 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 31.

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash on hand and at banks	2,815,015	6,036,260	9,981	195,908
Repository deposits with licensed banks	13,395,528	2,500,000	-	-
Short term deposits with a licensed bank	-	10,056,747	-	10,056,747
Money market funds	43,840,607	39,623,690	43,840,606	39,623,690
Cash and cash equivalents	60,051,150	58,216,697	43,850,587	49,876,345

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

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Repository deposits with licensed banks	2.63	2.10	-	-
Short term deposits with a licensed bank	-	3.40	-	3.40
Money market funds	3.00	2.78	3.00	2.78

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

	Group		Company	
	2011 Days	2010 Days	2011 Days	2010 Days
Repository deposits with licensed banks	1	4	-	-
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.

20. LOANS AND BORROWINGS

		Group	
	Maturity	2011 RM	2010 RM
Current			
Unsecured:			
1.60% p.a. fixed rate USD bank loan	2012	9,555,900	-

The loans and borrowings are secured by way of negative pledge over all present and future assets of the Group.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current				
Trade payables				
Third parties	16,594,077	20,237,292	-	-
Other payables				
Sundry payables	893,117	801,985	-	-
Accrued operating expenses	2,304,850	2,735,895	307,394	256,861
Amount due to suppliers of property, plant and equipment	1,927,366	89,588	-	-
Amounts due to directors	-	135,000	-	-
	5,125,333	3,762,468	307,394	256,861
	21,719,410	23,999,760	307,394	256,861

(a) Trade Payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days (2010: 30 to 60 days) terms.

(b) 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 (2010: twelve months).

(c) Amounts Due to Directors

Amounts due to directors are unsecured, non-interest bearing and are repayable on demand.

22. DEFERRED TAX LIABILITIES

	Group	
	2011 RM	2010 RM
At 1 January	10,944,624	11,188,878
Recognised in profit or loss (Note 9)	416,376	(244,254)
At 31 December	11,361,000	10,944,624

22. DEFERRED TAX LIABILITIES (CONT'D)

Deferred income tax as at 31 December relates to the following:

	Property, plant and equipment RM	Revaluation of land and buildings RM	Others RM	Total RM
At 1 January 2010	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
Recognised in profit or loss	333,581	(34,384)	117,179	416,376
At 31 December 2011	9,994,825	1,511,496	(145,321)	11,361,000

23. SHARE CAPITAL

	Group and Company			
	Number of shares of RM0.50 each		Amount	
	2011	2010	2011 RM	2010 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

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

24. SHARE PREMIUM

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

25. 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 Company acquired 20,000 (2010: 15,000) shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM12,497 (2010: RM6,200) and this was presented as a component within shareholders' equity.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

26. OTHER RESERVES

	Revaluation reserve RM	Foreign currency translation reserve RM	Total RM
Group			
At 1 January 2010	2,826,895	-	2,826,895
Other comprehensive income:			
Foreign currency translation	-	-	-
At 31 December 2010 / 1 January 2011	2,826,895	-	2,826,895
Other comprehensive income:			
Foreign currency translation	-	(1,443)	(1,443)
At 31 December 2011	2,826,895	(1,443)	2,825,452

Foreign Currency Translation Reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Revaluation Reserve

The revaluation reserve represents increases in the fair value of land and buildings and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

27. 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.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2011 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2011, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM20,886,000 (2010: RM20,886,000) out of its retained earnings. If the balance of the retained earnings were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

28. 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.

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

The salient features of the ESOS are as follows:

(a) The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.

(b) 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.

(c) The option price for each share shall be:

    Before 30 December 2009

    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.

    After 31 December 2009

    (i) RM0.80 per share for all outstanding options as at 31 December 2009.

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

(d) No option shall be granted for less than 100 shares to any eligible employee.

(e) 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.

(f) 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.

(g) The options shall not carry any right to vote at a general meeting of the Company.

(h) 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.

28. EMPLOYEE SHARE OPTION SCHEME ("ESOS") (CONT'D)

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

	Number of shares options		Weighted average exercise price	
	2011	2010	2011 RM	2010 RM
Outstanding at 1 January	9,047,000	6,222,000	0.74	0.80
Granted during the year	-	3,080,000	-	0.62
Forfeited during the year	(268,000)	(255,000)	0.65	0.76
Outstanding at 31 December	8,779,000	9,047,000	0.74	0.74
Exercisable at 31 December	8,779,000	9,047,000	0.74	0.74

The options outstanding at the end of the year have a weighted average remaining contractual life of 3.12 years (2010: 4.12 years).

29. RELATED PARTY DISCLOSURES

(a) Transactions with Related Parties

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

	Company	
	2011 RM	2010 RM
Gross dividend income from subsidiaries	6,610,000	7,750,000

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 key management personnel comprising solely executive directors are as disclosed in Note 8.

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	
	2011 RM	2010 RM
At 1 January	3,840,000	2,940,000
Granted during the year	-	900,000
At 31 December	3,840,000	3,840,000

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 28).

30. COMMITMENTS

	Group 2011 RM	2010 RM
Capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	1,963,440	-
Approved but not contracted for:		
Property, plant and equipment	-	11,022,000
	1,963,440	11,022,000

31. 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 (current)	15
Trade and other payables (current)	21
Loans and borrowings (current)	20

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.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at 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.

32. 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 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.

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, with positive fair values.
- A nominal amount of RM9,555,900 (2010: RM Nil) relating to a corporate guarantee provided by the Company to financial institutions for credit facilities utilised by a subsidiary.

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 15. 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.

Financial Assets that are Either Past Due Or Impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company'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.

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

All financial liabilities are due either on demand or within one year.

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

Sensitivity Analysis for Interest Rate Risk

At the reporting date, if interest rates had been 10 basis point lower/higher, with all other variables held constant, the Group's profit before tax would have been RM9,600 (2010: RM Nil) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(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 is exposed to transactional currency risk primarily respective through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollars ("USD"), Singapore Dollars ("SGD"), Indonesia Rupiah ("IDR"), Japanese Yen ("Yen") and Euro. Such transactions are kept to an acceptable level.

Approximately 67% (2010: 64%) of the Group's sales are denominated in foreign currencies whilst almost 91% (2010: 89%) of purchases are denominated in the foreign currencies. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign Currency Risk (cont'd)

Sensitivity Analysis for Foreign Currency Risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, SGD, Yen, IDR and Euro exchange rate at the reporting date against the functional currency of the Group, with all other variables held constant.

		Group 2011 RM	Group 2010 RM
		Profit before tax	
USD/RM	– strengthened 3%	(492,942)	(302,576)
	– weakened 3%	492,942	302,576
SGD/RM	– strengthened 3%	227,072	292,588
	– weakened 3%	(227,072)	(292,588)
Yen/RM	– strengthened 3%	7,242	8,920
	– weakened 3%	(7,242)	(8,920)
Rupiah/RM	– strengthened 3%	78,940	48,596
	– weakened 3%	(78,940)	(48,596)
Euro/RM	– strengthened 3%	30,776	-
	– weakened 3%	(30,776)	-

33. 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 2011 and 31 December 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, loans and borrowings, less cash and bank balances.

As at 31 December 2011, the Group have sufficient current assets to settle the current liabilities in full and have no non-current liabilities.

34. 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.

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 23 April 2012.

36. SUPPLEMENTARY INFORMATION – BREAKDOWN OF REALISED AND UNREALISED RETAINED EARNINGS

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2011 and 2010 into realised and unrealised earnings are 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		Company	
	RM 2011	RM 2010	RM 2011	RM 2010
Total retained earnings of the BP Plastics Holding Bhd. and its subsidiaries				
– Realised	96,478,046	91,390,950	6,840,754	10,850,662
– Unrealised	(10,823,155)	(10,396,337)	537,845	408,452
	85,654,891	80,994,613	7,378,599	11,259,114
Less: Consolidation adjustments	(33,924,743)	(33,987,771)	-	-
Total Group's retained earnings as per consolidated accounts	51,730,148	47,006,842	7,378,599	11,259,114

ANALYSIS OF SHAREHOLDINGS
As At 6 April 2012

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 *(including 35,000 treasury shares)*
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	1 vote per Ordinary Shares
Number of Shareholders	:	1,816

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% [1]	No. of Shares Held	% [1]
1 – 99	33	1.82	1,554	0.00
100 – 1,000	58	3.19	26,733	0.01
1,001 - 10,000	1,105	60.85	4,714,548	2.62
10,001 – 100,000	549	30.23	16,592,365	9.21
100,001 – 9,004,286*[1]	67	3.69	46,250,550	25.68
9,004,286 and above **[1]	4	0.22	112,500,000	62.47
Total	**1,816**	**100.00**	**180,085,750**	**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 35,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 6 April 2012.

SUBSTANTIAL SHAREHOLDERS AS AT 6 APRIL 2012

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 35,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 6 April 2012

DIRECTORS' SHAREHOLDINGS AS AT 6 APRIL 2012

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		Indirect Interest	
			No. of Shares Held	% [1]	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	-	167,000	0.09	-	-
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 35,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 6 April 2012.

THIRTY (30) LARGEST SHAREHOLDERS AS AT 6 APRIL 2012

No.	Shareholders	No. of Shares	% [1]
1	LG Capital Sdn Bhd	81,000,000	44.98
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

THIRTY (30) LARGEST SHAREHOLDERS AS AT 6 APRIL 2012 (cont'd)

No.	Shareholders	No. Of Shares	% [1]
11	Chang Yee Fong	1,000,000	0.56
12	Lim Chin Siong	938,500	0.52
13	Lim Kew Seng	845,250	0.47
14	Tan Soon Lan	545,150	0.30
15	Public Invest Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Sai Lim (M)*	470,000	0.26
16	Chong Kok Fah	459,500	0.26
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	Permodalan Peladang Berhad	375,000	0.21
21	Md Rasid Bin Mohamad	345,150	0.19
22	Er Hock Lai	328,600	0.18
23	Quah Peng Chin @ Quah Paik Sze	320,000	0.18
24	Le Seu Haa	310,000	0.17
25	See Leong Chye @ Sze Leong Chye	292,500	0.16
26	Ng Ming Tiong	278,500	0.15
27	Chai Chai Yee @ Chye Chai San	260,000	0.14
28	Tang Theng Kow	258,000	0.14
29	Mayban Nominees (Tempatan) Sdn Bhd Ng Ha Chin	256,500	0.14
30	See Ewe Beng	255,000	0.14

Note :

([1]) excluding a total of 35,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 6 April 2012.

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)	8	19.11.2003	1,900	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 – 17 years Double-Storey Office Building – 15 years	08.06.1994 28.08.1996	1,918	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)	14	29.04.1997	1,698	31-Dec-09

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)	8	28.05.2003	2,283	31-Dec-09
No P.T.D. : 35099 No H.S.(D) : 38296 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 8, Jalan Wawasan 4, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 05.10.2057	1.5 Acres/ 39,600 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory)	10	07.11.2001	3,180	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 1, Jln Wawasan 3, Kawasan Perindustrian Sri Gading, 83300 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)	6	07.04.2006	9,659	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 IS HEREBY GIVEN that the EIGHTH 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, 28th day of May 2012 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 2011 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 2011. **Resolution 2**

3. To re-elect Mr. Tan See Khim 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. Boo Chin Liong 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 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: 3 May 2012

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 at the Eighth 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 preceding 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 Seventh AGM of the Company held on 23 May 2011 (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 conclusion of the next Annual General Meeting of the Company.

Notes:

In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 May 2012 (“General Meeting Record of Depositors”) shall be eligible to attend the Meeting.

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. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

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.

Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

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 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.

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 Eighth 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, 28th day of May 2012 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 2011 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 2011.		
3.	To re-elect Mr. Tan See Khim who is retiring pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offereded himself for re-election.		
4.	To re-elect Mr. Boo Chin Liong who is retiring pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offereded 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 ________ 2012

____
Signature of Member /Common Seal

Notes:

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stamp

To:

BP PLASTICS HOLDING BHD (644902-V)
5A Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim

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