

**DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD (12994-W)**  
**UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FINANCIAL**  
**QUARTER ENDED 30 SEPTEMBER 2009**

**NOTES TO THE QUARTERLY FINANCIAL REPORT**

**A1 Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements.

The financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2008. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008.

**Accounting Standards and Issues Committee ("IC") Interpretations Issued but Not Effective**

At the date of issue of this quarterly report, the following IC Interpretations and FRS were issued but not yet effective and have not been applied by the Group:-

<b>IC Interpretations, FRS and Amendment to FRS</b>	<b>Effective for financial periods beginning on or after</b>
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 101: Presentation of Financial Statements	1 January 2010
FRS 123: Borrowing Costs	1 January 2010
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1: First Time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2: Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
Amendment to FRS 7: Financial Instruments: Disclosures	1 January 2010
Amendment to FRS 8: Operating Segments	1 January 2010
Amendment to FRS 101: Presentation to Financial Statements	
Amendment to FRS 107: Statements of Cash Flows	1 January 2010
Amendment to FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendment to FRS 110: Events after the Reporting Period	1 January 2010
Amendment to FRS 116: Property, Plant and Equipment	1 January 2010
Amendment to FRS 117: Leases	1 January 2010
Amendment to FRS 118: Revenue	1 January 2010
Amendment to FRS 119: Employee Benefits	1 January 2010
Amendment to FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
Amendment to FRS 123: Borrowing Costs	1 January 2010
Amendment to FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 128: Investments in Associates	1 January 2010
Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendment to FRS 131: Interest in Joint Ventures	1 January 2010
Amendment to FRS 132: Financial Instruments: Presentation	1 January 2010
Amendment to FRS 134: Interim Financial Reporting	1 January 2010

<b>IC Interpretations, FRS and Amendment to FRS</b>	<b>Effective for financial periods beginning on or after</b>
Amendment to FRS 136: Impairment of Assets	1 January 2010
Amendment to FRS 138: Intangible Assets	1 January 2010
Amendment to FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
Amendment to FRS 140: Investment Property	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
Amendment to IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010

The adoption of the FRSs, Amendments to FRSs and Interpretations upon their effective dates are not expected to have any significant impact on the financial statements of the Group. The Group is exempted from disclosing the possible impact, if any, to the financial statements upon its initial application of FRS7 and FRS139.

**A2 Audit report**

The audit report of the preceding annual financial statements was not qualified.

**A3 Seasonal or cyclical factors**

The operations of the Group during the financial period under review have not been materially affected by any seasonal or cyclical factors.

**A4 Unusual items**

There were no items during this quarter affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

**A5 Changes in estimates**

The expected useful lives of certain plant and machineries namely cylinder blocks have been revised from four years to two years in preparing the financial statements for this period.

There were no other changes in estimates of amounts reported in previous year, which have a material effect in the current quarter.

**A6 Debt and Equity Securities**

During the current quarter, the Company repurchased 25,000 of its issued ordinary shares from the open market at an average cost of RM1.67 per share. The total consideration paid for the repurchase including transaction costs was RM41,798 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

**A7 Dividend Paid**

	<b>Year To Date Ended 30.9.2009 RM'000</b>	<b>Year To Date Ended 30.9.2008 RM'000</b>
First and Final dividend paid for the year 2008 : 6.00 sen tax exempt per ordinary share paid on 23 June 2009 (2007 : 6.00 sen tax exempt per ordinary share paid on 11 June 2008)	4,554 =====	4,554 =====
Interim dividend paid for the year 2009 : 4.00 sen tax exempt per ordinary share paid on 27 August 2009 (2008 : Nil)	3,036 =====	- =====

**A8 Segmental analysis**

The Group is organised into two main business segments:

- (i) Packaging – manufacture and marketing of flexible packaging materials.
- (ii) Property development – development of land into residential and commercial buildings.

**(a) Primary reporting format – business segment**

Segment information for the nine months ended 30 September 2009 was as follows:

	<u>Packaging</u> RM'000	<u>Property development</u> RM'000	<u>Eliminations</u> RM'000	<u>Group</u> RM'000
<b>2009</b>				
<b>Revenue</b>	<b>163,550</b>	<b>3,658</b>	-	<b>167,208</b>
<b>Results</b>				
Segment results	20,459	895	-	21,354
Unallocated costs				(186)
Profit from operations				21,168
Finance costs				(717)
Share of results of associated company		(188)		(188)
Profit before tax				20,263
Tax expense				(3,194)
Profit for the period				17,069
<b>Assets</b>				
Segment assets	174,460	25,115	(35,985)	163,590
Investment in associated company		22,818		22,818
Unallocated assets				87
Consolidated total assets				186,495
<b>Liabilities</b>				
Segment liabilities	32,272	36,170	(35,985)	32,457
Unallocated liabilities				29,615
Consolidated total liabilities				62,072
<b>Other information</b>				
Capital additions	5,415	-	-	5,415
Depreciation and amortisation				
- Property, plant and equipment	5,939	-	-	5,939
- Prepaid lease payments	55	-	-	55

Segment information for the nine months ended 30 September 2008 was as follows:

	<u>Packaging</u> RM'000	<u>Property development</u> RM'000	<u>Eliminations</u> RM'000	<u>Group</u> RM'000
<b>2008</b>				
<b>Revenue</b>	153,773	6,722	-	160,495
	=====	=====	=====	=====
<b>Results</b>				
Segment results	7,220	1,508	-	8,728
Unallocated costs				(190)
				-----
Profit from operations				8,538
Finance costs				(1,287)
Share of results of associated company		(385)		(385)
				-----
Profit before tax				6,866
Tax expense				(726)
				-----
Profit for the period				6,140
				=====

	<u>Packaging</u> RM'000	<u>Property development</u> RM'000	<u>Eliminations</u> RM'000	<u>Group</u> RM'000
<b>Assets</b>				
Segment assets	185,815	26,312	(37,454)	174,673
Investment in associated company		23,129		23,129
Unallocated assets				37
				-----
Consolidated total assets				197,839
				=====
<b>Liabilities</b>				
Segment liabilities	38,568	37,510	(37,454)	38,624
Unallocated liabilities				46,647
				-----
Consolidated total liabilities				85,271
				=====

	<u>Packaging</u> RM'000	<u>Property development</u> RM'000	<u>Eliminations</u> RM'000	<u>Group</u> RM'000
<b>Other information</b>				
Capital additions	7,747	-	-	7,747
Depreciation and amortisation				
- Property, plant and equipment	5,788	-	-	5,788
- Prepaid lease payments	56	-	-	56
	=====	=====	=====	=====

Unallocated costs represent common costs and expenses incurred in dormant subsidiary companies. Segment assets consist primarily of property, plant and equipment, prepaid lease payments, land held for development, inventories, property development costs, operating receivables and cash, and exclude investments, tax recoverable, deferred tax assets and cash and bank balances for dormant subsidiaries. Segment liabilities comprise operating liabilities and exclude items such as borrowings and current and deferred tax liabilities. Capital expenditure comprises additions to property, plant and equipment.

**(b) Secondary reporting format – geographical segment**

No geographical segment was presented as the Group's operations are principally carried out in Malaysia.

**A9 Valuations of property, plant and equipment**

No valuation on property, plant and equipment was carried out by the Group.

**A10 Subsequent events**

There were no material events subsequent to 30 September 2009 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report.

**A11 Changes in the Composition of the Group**

There were no changes in the composition of the Group during the financial quarter ended 30 September 2009 including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring and discontinuing operations.

**A12 Contingent liabilities**

As at 30 September 2009, the Company has issued corporate guarantees totalling RM8,500,000 in respect of credit facilities granted by licensed banks to one of its subsidiary companies. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities utilised by the subsidiary company.

**A13 Capital Commitments**

Capital commitments not provided for in the financial statements as at 30 September 2009 were as follows: -

	RM'000
Property, plant and equipment	
- Authorised and contracted for	<u>1,156</u>

**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

**B1 Review of Performance**

For the three months ended 30 September 2009, the Group recorded a marginal dip in revenue to RM53.817 million from RM54.014 million in the previous corresponding period. Profit before tax however rose by 292% to RM7.190 million compared to RM1.832 million previously, as a result of better cost control and enhanced sales mix.

For the nine months ended 30 September 2009, there was a marginal increase of 4.18% in revenue from RM160.495 million to RM167.208 million. However, the profit before tax of the Group improved significantly to RM20.263 million as compared to RM6.866 million for the corresponding period in the previous year. The improved profitability is due to the higher packaging sales from the overseas market, enhanced sales mix and the ongoing program on improving operational efficiency and productivity as well as gain on foreign exchange

There were no other material factors affecting the earnings and/or revenue of the Group for the current period.

**B2 Material Changes in Profit Before Taxation for the Quarter Reported On As Compared with the Immediate Preceding Quarter**

For the three months under review, the Group recorded a profit before tax of RM7.190 million compared to a profit before tax of RM7.441 million for the preceding quarter. The marginal reduction in profit before taxation of RM251,000, representing a decrease of 3.37% was due to the lower revenue recorded in the current quarter.

There were no other material changes in the profit before tax for the current quarter as compared with the preceding quarter.

**B3 Current Year Prospects**

For the remaining period of the financial year ending 31 December 2009 the demand for the Group's core business of flexible packaging is expected to remain strong. Thus, barring unforeseen circumstances, the Directors are confident of achieving an outstanding performance for the current financial year.

**B4 Profit Forecast or Profit Guarantee**

No profit forecast or profit guarantee was provided.

**B5 Taxation**

	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- Malaysian Tax	1,091	244	3,002	961
- Foreign Tax	242	75	316	181
- Deferred Tax	(160)	(84)	(124)	(495)
	<u>1,173</u>	<u>235</u>	<u>3,194</u>	<u>647</u>
In respect of prior year:				
- Malaysian Tax underprovided	-	(5)	-	(5)
- Deferred Tax overprovided	-	15	-	84
	<u>1,173</u>	<u>245</u>	<u>3,194</u>	<u>726</u>

The effective tax rate for the current quarter and financial period ended 30 September 2009 was lower than the statutory tax rate mainly due to availability of tax incentives.

**B6 Profits/(losses) on sale of unquoted investments and/or properties**  
There was no sale of unquoted investments and/or properties for the current quarter and the financial year-to-date.

**B7 Quoted Securities**  
The Group did not hold any quoted securities, nor were there any purchases or disposals of quoted securities for the current quarter and the financial year-to-date.

**B8 Status of Corporate Proposals**  
There were no corporate proposals announced as at the date of this quarterly report.

**B9 Group Borrowings**  
Details of the Group's borrowings as at 30 September 2009 were as follows: -

	<b>Current RM'000</b>	<b>Non Current RM'000</b>
Unsecured - Ringgit Malaysia	14,979	1,338
Secured - Ringgit Malaysia	208	3,539
Secured - Australian Dollar	58	-
	<u>15,245</u>	<u>4,877</u>

Borrowings are denominated in Ringgit Malaysia and Australian Dollar.

**B10 Off balance sheet financial instruments**  
As at the date of this quarterly report, the Group has the following open foreign currency contracts: -

	<b>Notional amount (RM'000)</b>
Foreign currency contracts	
- Maturity within 1 month	<u>4,231</u>

The foreign currency contracts are entered into with credit worthy financial institutions to hedge the Group's exposure in foreign currencies.

**B11 Material litigation**  
There was no pending material litigation as at the date of this quarterly report.

**B12 Dividend**  
The Board is pleased to declare the following:-

- (a) An interim dividend of 5 sen tax exempt, amounting to RM3,766,910 for the year ending 31 December 2009 (2008: Nil) to be paid on 17th December 2009; and
- (b) In respect of deposited securities, entitlement to the interim dividend will be determined on the basis of the record of depositors as at 2nd December 2009.

**B13 Earnings Per Share**

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

		<b>3 Months ended</b>		<b>9 Months ended</b>	
		<b>30.09.2009</b>	30.09.2008	<b>30.09.2009</b>	30.09.2008
<b>Basic earnings per share</b>					
<b>Profit attributable to ordinary equity holders of the parent</b>	<b>(RM'000)</b>	<b>5,913</b>	1,500	<b>16,708</b>	5,886
<b>Weighted average number of ordinary shares in issue</b>	<b>('000)</b>	<b>75,892</b>	75,901	<b>75,898</b>	75,901
<b>Basic earnings per share</b>	<b>(sen)</b>	<b>7.79</b>	1.98	<b>22.01</b>	7.75

By Order of the Board  
Ms TAN GAIK HONG, MIA 4621  
Secretary  
Melaka  
Dated : 17 November 2009  
c.c. Securities Commission