

DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD (12994-W)
UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FINANCIAL
QUARTER ENDED 31 DECEMBER 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. These 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:-

IC Interpretations, FRS and Amendment to FRS	Effective for financial periods beginning on or after
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3: Business Combinations	1 July 2010
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 and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity and Associate	1 January 2010
Amendments to FRS 2: Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Shared-based payments	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 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

IC Interpretations, FRS and Amendment to FRS	Effective for financial periods beginning on or after
Amendment to FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 July 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
Amendment to FRS 136: Impairment of Assets	1 January 2010
Amendment to FRS 138: Intangible Assets	1 January 2010
Amendments to FRS 138: Intangible Assets	1 July 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
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 15: Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 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 year 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 1,044,500 of its issued ordinary shares from the open market at an average cost of RM1.99 per share. The total consideration paid for the repurchase including transaction costs was RM2,081,256 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

	Year To Date Ended 31.12.2009 RM'000	Year To Date Ended 31.12.2008 RM'000
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 =====
First Interim dividend paid for the year 2009 : 4.00 sen tax exempt per ordinary share paid on 27 August 2009 (2008 : Nil)	3,036	-
Second Interim dividend paid for the year 2009 : 5.00 sen tax exempt per ordinary share paid on 17 December 2009 (2008 : Nil)	3,756 =====	- =====

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 year ended 31 December 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
<u>2009</u>				
Revenue	217,445 =====	4,343 =====	-	221,788 =====
Results				
Segment results	27,297	1,010	-	28,307
Unallocated costs				(228)
Profit from operations				28,079
Finance costs				(837)
Share of results of associated company		(101)		(101)
Profit before tax				27,141
Tax expense				(3,957)
Profit for the year				23,184 =====

	<u>Packaging</u> RM'000	<u>Property development</u> RM'000	<u>Eliminations</u> RM'000	<u>Group</u> RM'000
Assets				
Segment assets	175,141	25,618	(35,993)	164,766
Investment in associated company	-	22,905	-	22,905
Unallocated assets				38

Consolidated total assets				187,709
				=====
Liabilities				
Segment liabilities	33,863	36,790	(35,993)	34,660
Unallocated liabilities				28,350

Consolidated total liabilities				63,010
				=====
Other information				
Capital additions	7,191	-	-	7,191
Depreciation and amortisation				
- Property, plant and equipment	8,031	-	-	8,031
- Prepaid lease payments	74	-	-	74
	=====	=====	=====	=====

Segment information for the year ended 31 December 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
2008				
Revenue	209,399	7,766	-	217,165
	=====	=====	=====	=====
Results				
Segment results	9,809	1,551	-	11,360
Unallocated costs				(239)

Profit from operations				11,121
Finance costs				(1,603)
Share of results of associated company	-	(508)	-	(508)

Profit before tax				9,010
Tax expense				(701)

Profit for the year				8,309
				=====

	<u>Packaging</u> RM'000	<u>Property development</u> RM'000	<u>Eliminations</u> RM'000	<u>Group</u> RM'000
Assets				
Segment assets	181,566	26,236	(37,535)	170,267
Investment in associated company	-	23,006	-	23,006
Unallocated assets				125

Consolidated total assets				193,398
				=====
Liabilities				
Segment liabilities	33,435	37,620	(37,535)	33,520
Unallocated liabilities				45,387

Consolidated total liabilities				78,907
				=====

	<u>Packaging</u> RM'000	<u>Property development</u> RM'000	<u>Eliminations</u> RM'000	<u>Group</u> RM'000
Other information				
Capital additions	9,101	-	-	9,101
Depreciation and amortisation				
- Property, plant and equipment	7,853	-	-	7,853
- Prepaid lease payments	74	-	-	74
	=====	=====	=====	=====

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 31 December 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 31 December 2009 including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring and discontinuing operations.

A12 Contingent liabilities

As at 31 December 2009, the Company has issued corporate guarantees totalling RM8,500,000 and a Standby Letter of Credit for AUD500,000 (RM 1,576,500) in respect of credit facilities granted by licensed banks to its subsidiary companies. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities utilised by the subsidiary companies.

A13 Capital Commitments

Capital commitments not provided for in the financial statements as at 31 December 2009 were as follows: -

	RM'000
Property, plant and equipment	
- Authorised and contracted for	479
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ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1 Review of Performance

For the three months ended 31 December 2009, the Group recorded a marginal dip in revenue to RM54.580 million from RM56.670 million in the previous corresponding period. Profit before tax however rose by 220.80% to RM6.878million compared to RM2.144 million previously, as a result of the ongoing program on product innovation, enhanced sales mix and better cost control.

For the financial year ended 31 December 2009, there was a marginal increase of 2.13% in revenue from RM217.165 million to RM221.788 million. However, the profit before tax of the Group improved significantly to RM27.141 million as compared to RM9.010 million for the corresponding period in the previous year. The improved profitability was due to the higher packaging sales from the overseas market, enhanced sales mix and the ongoing program on product innovation, 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 marginal reduction in profit before tax of RM6.878 million as compared to a profit before tax of RM7.190 million for the preceding quarter.

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

B3 Prospects

The Board is confident that the successful efforts on product innovations and moving into new market segments will register further growth in revenue as well as improving the profitability for the financial year ending 31 December 2010. Thus, the Board is committed to its dividend policy of targeting a dividend payout of no less than 50% of the Group's net profits to reward shareholders.

B4 Profit Forecast or Profit Guarantee

No profit forecast or profit guarantee was provided.

B5 Taxation

	3 months ended		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- Malaysian Tax	962	251	3,964	1,212
- Foreign Tax	53	(51)	369	130
- Deferred Tax	(212)	(262)	(336)	(757)
	803	(62)	3,997	585
In respect of prior year:				
- Malaysian Tax over provided	(41)	-	(41)	(5)
- Foreign Tax under provided	1	-	1	-
- Deferred Tax under provided	-	36	-	121
	763	(26)	3,957	701

The effective tax rate for the current quarter and financial year ended 31 December 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 31 December 2009 were as follows: -

	Current RM'000	Non Current RM'000
Unsecured - Ringgit Malaysia	13,691	-
Secured - Ringgit Malaysia	2,179	3,785
Secured - Australian Dollar	838	-
	<u>16,708</u>	<u>3,785</u>

Borrowings are denominated in Ringgit Malaysia and Australian Dollar.

B10 Material litigation

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

B11 Dividend

The directors declared a third interim dividend of 6.5% tax exempt, amounting to RM 4,882,384 in respect of the financial year ended December 31, 2009 on March 16, 2010. The financial statements do not reflect this dividend declared after December 31, 2009, which will be accounted for as an appropriation of retained earnings in the year ending December 31, 2009.

The directors do not recommend any final dividend to be paid for the financial year under review.

B12 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.

		3 Months ended		12 Months ended	
		31.12.2009	31.12.2008	31.12.2009	31.12.2008
Basic earnings per share					
Profit attributable to ordinary equity holders of the parent	(RM'000)	<u>6,055</u>	2,270	<u>22,763</u>	8,156
Weighted average number of ordinary shares in issue	('000)	<u>75,274</u>	75,901	<u>75,743</u>	75,901
Basic earnings per share	(sen)	<u>8.04</u>	2.99	<u>30.05</u>	10.75

By Order of the Board
Ms TAN GAIK HONG, MIA 4621
Secretary
Melaka
Dated : 10 February 2010
c.c. Securities Commission