

DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD (12994-W)
UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FINANCIAL
QUARTER ENDED 31 MARCH 2010

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 2009. 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 2009.

The significant accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those of the Group's consolidated audited financial statements for the year ended 31 December 2009 except for the adoption of the following:

FRSs/revised FRSs		Effective date
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements (Revised)	1 January 2010
FRS 123	Borrowing Costs (Revised)	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010

The adoption of FRS 7, 8, 101, 123, and 139 does not have significant financial impact on the Group and the Company.

Financial Reporting Standards ("FRSs") and IC Interpretations ("IC Int.") Issued but Not Effective

The revised FRSs, new IC Int. and Amendments to FRSs and IC Int. have been issued by the MASB and are effective for annual periods commencing on or after 1 January 2010, and have yet to be adopted by the Group are as listed below:

FRSs, Amendments to FRSs, IC Interpretations		Effective date
FRS 1	First-time Adoption of Financial Reporting Standards (Revised)	1 July 2010
FRS 3	Business Combinations (Revised)	1 July 2010
FRS 127	Consolidated and Separate Financial Statements (Revised)	1 July 2010
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards (Amendment relating to limited exemption from Comparative FRS 7 Disclosures for First-Time Adopters)	1 January 2011
Amendments to FRS 2	Share-based Payment (Amendment relating to scope of FRS 2 and FRS 3)	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)	1 January 2011
Amendments to FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue)	1 March 2010

FRSs, Amendments to FRSs, IC Interpretations		Effective date
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to scope of IC Int.9 and revised FRS 3)	1 July 2010
IC Int. 12	Service Concession Agreements	1 July 2010
IC Int. 15	Agreements for the Construction of Real Estate	1 July 2010
IC Int. 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int. 17	Distributions of Non-cash Assets to Owners	1 July 2010

The above FRSs, amendments to FRSs, and IC Interpretations will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these FRSs and Interpretations will have no significant impact on the financial statements of the Group and the Company in the period of initial application except for the following:

IC Int. 15 - Agreements for the Construction of Real Estate

This Interpretation requires that when the property developer is providing construction services to the buyer's specifications, revenue can be recorded as construction progresses. Otherwise, revenue should be recognised on completion of the relevant property development unit. The Group is currently assessing the impact of the adoption of this Interpretation.

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 same estimates reported in the previous financial year were used in preparing the financial statements for the current quarter.

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 purchased 177,400 units of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM484,526 including transaction costs and has been deducted from equity. The repurchase transactions were financed by internally generated funds and the average price paid for the shares was RM2.73. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

During the current quarter, the Company had disposed of 459,700 treasury shares valued at RM919,881 for a total consideration of RM1,312,632 in the open market, resulting in a surplus of RM392,751 which has been credited to share premium account.

A7 Dividend Paid

	3 months ended	
	31.03.2010	31.03.2009
	RM'000	RM'000
Third Interim dividend paid for the year 2009 : 6.50 sen tax exempt per ordinary share paid on 16 March 2010 (2009 : Nil)	4,882	-
	=====	=====

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.

Business segment

Segment information for the three months ended 31 March 2010 was as follows:

	<u>Packaging</u>	<u>Property</u>	<u>Eliminations</u>	<u>Group</u>
	RM'000	development	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000
2010				
Revenue	59,211	476	-	59,687
	=====	=====	=====	=====
Results				
Segment results	6,625	53	-	6,678
Unallocated costs				(65)

Profit from operations				6,613
Finance costs				(168)
Share of results of associated company	-	(92)		(92)

Profit before tax				6,353
				=====

Segment information for the three months ended 31 March 2009 was as follows:

	<u>Packaging</u>	<u>Property</u>	<u>Eliminations</u>	<u>Group</u>
	RM'000	development	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000
2009				
Revenue	58,840	-	-	58,840
	=====	=====	=====	=====
Results				
Segment results	6,268	(107)	-	6,161
Unallocated costs				(60)

Profit from operations				6,101
Finance costs				(367)
Share of results of associated company	-	(102)	-	(102)

Profit before tax				5,632
				=====

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.

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 March 2010 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 March 2010 including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring and discontinuing operations.

A12 Contingent liabilities

As at 31 March 2010, the Company has issued corporate guarantees totalling RM8,500,000 and a Standby Letter of Credit for Australian Dollar 500,000 (equivalent to 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 March 2010 were as follows: -

	RM'000
Property, plant and equipment	
- Authorised and contracted for	1,876
- Authorised but not contracted for	8,230
	<u>10,106</u>

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

B1 Review of Performance

The Group recorded a revenue of RM59.687 million for the quarter under review as compared to RM55.840 million of the corresponding period in the previous year, representing an increase of 6.9%. Profit before tax rose by 12.8% to RM6.353 million compared to RM5.632 million previously.

The improved profitability was largely due to the higher packaging sales in the current quarter.

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's turnover of RM59.687 million represented an increase of 9.4% when compared to the turnover of the preceding quarter of RM54.580 million. However, there was a reduction of 7.6% in the profit before tax as the current quarter's profit before tax amounted to RM6.353 million compared to RM6.878 million for the preceding quarter.

The reduction in profit was attributable to various factors such as the decrease in margins caused by the steep uptrend in raw material prices throughout the current quarter as well as the slight time lag in the pass on of rising raw material costs, the unrealised foreign exchange loss and research and development expenses.

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

B3 Prospects

The Board is focused on honing the Group's manufacturing competitive edge via product innovations and serving new market segments, in order to record further growth in group revenues and profitability for the financial year ending 31 December 2010. The Group is optimistic of realizing some of the market development initiatives put in place since last year.

B4 Profit Forecast or Profit Guarantee

No profit forecast or profit guarantee was provided.

B5 Taxation

	3 months ended	
	31.03.2010	31.03.2009
	RM'000	RM'000
In respect of current period:		
- Malaysian Tax	1,229	440
- Deferred Tax	(60)	48
	<u>1,169</u>	<u>488</u>

The effective tax rate for the financial quarter ended 31 March 2010 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 financial quarter ended 31 March 2010.

B7 Quoted Securities

The Group did not hold any quoted securities, nor were there any purchases or disposals of quoted securities for the financial quarter ended 31 March 2010.

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 March 2010 were as follows: -

	Current RM'000	Non Current RM'000
Unsecured - Ringgit Malaysia	26,512	538
Secured - Ringgit Malaysia	483	2,879
Secured - Australian Dollar	1,310	-
	<u>28,305</u>	<u>3,417</u>

Borrowings are denominated in Ringgit Malaysia.

B10 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk at the date of the issue of this quarterly report.

B11 (a) Disclosure of derivatives

There were no financial derivatives for financial quarter ended 31 March 2010.

(b) Gain or losses arising from fair value changes of financial liabilities

There were no gains or losses arising from fair value changes of the financial liabilities for financial quarter ended 31 March 2010.

B12 Material litigation

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

B13 Dividend

The Board is pleased to declare the following:-

- (a) An interim dividend of 3.50 sen tax exempt, amounting to RM2,625,081 for the quarter ending 31 March 2010 (2009: Nil) to be paid on 4 June 2010; 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 20 May 2010.

B14 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, adjusted by the number of ordinary shares repurchased during the current quarter.

	3 months ended	
	31.03.2010	31.03.2009
Basic earnings per share		
Profit attributable to owners of the parent	(RM'000) <u>5,017</u>	<u>5,034</u>
Weighted average number of ordinary shares in issue	('000) <u>75,076</u>	<u>75,901</u>
Basic earnings per share	(sen) <u>6.68</u>	<u>6.63</u>

By Order of the Board
Ms TAN GAIK HONG, MIA 4621
Secretary
Melaka

Dated : 3 May 2010
c.c. Securities Commission