

DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD (12994-W)
UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FINANCIAL
QUARTER ENDED 30 SEPTEMBER 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
Amendments to FRS 7	Financial Instruments: Disclosures :Amendment to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives Reclassification of financial assets	1 January 2010
Amendment to FRS 8	Operating Segments : Disclosure of information about segment assets	1 January 2010
Amendment to FRS 110	Events After the Balance Sheet Date : Dividends declared after the end of the reporting period *	1 January 2010
Amendment to FRS 123	Borrowing Costs : Components of Borrowing costs	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
Amendment to FRS 1	Additional Exemptions 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 2	Group Cash-settled Shared-based Payment Transactions	1 January 2011
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

FRSs, Amendments to FRSs, IC Interpretations		Effective date
Amendments to FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue)	1 March 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
IC Int. 4	Determining whether an Arrangement contains a Lease	1 January 2011
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 January 2012
Amendment to IC Int. 15	Agreements for the Construction of Real Estate	1 January 2012
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
IC Int. 18	Transfers of Assets from Customers	1 January 2011

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.

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 61,700 units of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM184,857 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 RM3.00. 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 1,115,000 treasury shares valued at RM2,705,640 for a total consideration of RM3,444,930 in the open market, resulting in a surplus of RM739,290 which has been credited to share premium account.

A7 Dividend Paid

	Year To Date Ended	
	30.09.2010 RM'000	30.09.2009 RM'000
First and Final dividend paid for the year 2008 : 6.00 sen tax exempt per ordinary share paid on 23 June 2009	-	4,554
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	-
First Interim dividend paid for the year 2010 : 3.50 sen tax exempt per ordinary share paid on 4 June 2010 (2009 : 4.00 sen tax exempt per ordinary share paid on 27 August 2009)	2,621	3,036
Second Interim dividend paid for the year 2010 : 2.50 sen tax exempt per ordinary share paid on 3 September 2010 (2009 : Nil)	1,870	-
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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 nine months ended 30 September was as follows:

	<u>Packaging</u> RM'000	<u>Property</u> <u>development</u> RM'000	<u>Eliminations</u> RM'000	<u>Group</u> RM'000
2010				
Revenue	186,024	6,263	-	192,287
	=====	=====	=====	=====
Results				
Segment results	18,150	1,367	-	19,517
Unallocated costs				(294)

Profit from operations				19,223
Finance costs				(663)
Share of results of associated company	-	(201)	-	(201)

Profit before tax				18,359
				=====

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
2009				
Revenue	163,550	3,658	-	167,208
Results				
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

Unallocated costs represent common costs and expenses incurred in dormant subsidiary companies.

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

A12 Contingent liabilities

As at 30 September 2010, the Company has issued corporate guarantees totalling RM8,500,000 and a Standby Letter of Credit for Australian Dollar 500,000 (equivalent to RM1,576,500) 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 30 September 2010 were as follows: -

	RM'000
Property, plant and equipment	
- Authorised and contracted for	7,701
- Authorised but not contracted for	6,671
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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 30 September 2010, the Group recorded revenue of RM71.427 million as compared to RM53.817 million for the corresponding period in the previous year, representing an increase of 32.7%, due to increased sales from both the packaging and property development segments. Profit before tax however reduced by 12.4% to RM6.297 million as compared to RM7.190 million previously, due largely to the continuous uptrend in raw material prices that prevailed in 2010 for the packaging segment.

For the nine months ended 30 September 2010, the Group recorded revenue of RM192.287 million as compared to RM167.208 million for the corresponding period in the previous year, representing an increase of 15%. Profit before tax however reduced by 9.4% to RM18.359 million compared to RM20.263 million previously. The reduction in the profit was due largely to the lower margins as a result of higher raw material prices that prevailed in 2010. In addition, the profit was also affected by foreign exchange loss and research and development expenses.

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 RM71.427 million represented an increase of 16.8% when compared to the turnover of the preceding quarter of RM61.173 million. The Group recorded a profit before tax of RM6.297 million compared to a profit before tax of RM5.709 million for the preceding quarter. The increase in the profit before tax for the current quarter was mainly due to the contribution from its ongoing property development projects.

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 Group will continue its focus on product innovations and new market segments to register further top line growth. While the Group expects the demand for the packaging sector to remain strong for the remaining period, the Group is exploring measures with suppliers and customers to manage the still-rising prices of raw materials more effectively. There will be further contribution from the property sector as a result of the ongoing projects which are targeting completion by 2011. Thus, barring unforeseen circumstances, the Board is confident of maintaining its profitability for the financial year ending 2010.

B4 Profit Forecast or Profit Guarantee

No profit forecast or profit guarantee was provided.

B5 Taxation

	3 months ended		9 months ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- Malaysian Tax	1,618	1,091	4,239	3,002
- Foreign Tax	83	242	291	316
- Deferred Tax	(229)	(160)	(430)	(124)
	<u>1,472</u>	<u>1,173</u>	<u>4,100</u>	<u>3,194</u>
In respect of prior year:				
- Malaysian Tax over provided	(105)	-	(105)	-
	<u>1,367</u>	<u>1,173</u>	<u>3,995</u>	<u>3,194</u>

The effective tax rate for the financial quarter ended 30 September 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 30 September 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 30 September 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 30 September 2010 were as follows: -

	Current	Non Current
	RM'000	RM'000
Unsecured - Ringgit Malaysia	21,940	3,639
Secured - Ringgit Malaysia	2,879	1,736
Secured - Australian Dollar	1,069	-
	<u>25,888</u>	<u>5,375</u>

Borrowings are denominated in Ringgit Malaysia and Australian Dollar.

B10 Financial instruments

With the adoption of FRS 139, financial derivatives are recognised on their respective contract dates. There are no off-balance financial instruments.

As at 30 September 2010, the Group has the following outstanding derivative financial instruments:

	Principal or Notional Amount RM '000	Fair value- Net Gain/(Loss) RM '000
Foreign currency forward contracts		
- Less than 1 year	7,579	(420)

The Group is exposed to risks arising from currency exposure with respect to AUD Dollar. The Group enters into forward contracts as a hedge against fluctuation in its foreign currency collection for future commercial transactions.

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) A third interim dividend of 3.0 sen tax exempt, totalling of RM2,275,029 for the financial year ending 31 December 2010 to be paid on 16 December 2010 (2009: 5.0 sen tax exempt); 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 1 December 2010.

B13 Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the period under review attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the said financial period, adjusted by the number of ordinary shares repurchased during the period under review.

		3 Months ended		9 Months ended	
		30.09.2010	30.09.2009	30.09.2010	30.09.2009
Basic earnings per share					
Profit attributable to ordinary equity holders of the parent	(RM'000)	4,825	5,913	14,031	16,708
Weighted average number of ordinary shares in issue	('000)	75,363	75,892	73,576	75,898
Basic earnings per share	(sen)	6.40	7.79	19.07	22.01

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

Dated : 11 November 2010
c.c. Securities Commission