

DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD (12994-W)
UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FINANCIAL
QUARTER ENDED 30 JUNE 2011

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 2010. 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 2010.

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 2010 except for the adoption of the following:

Revised FRSs and Amendments to FRSs		Effective date
FRS 3	Business Combinations (Revised)	1 July 2010
FRS 127	Consolidated and Separate Financial Statements (Revised)	1 July 2010
Amendments to FRS 7	Financial Instruments: Disclosures: Amendments relating to improving disclosures about financial instruments	1 January 2011
Amendments to FRS 7	Financial Instruments: Disclosures *	1 January 2011
Amendments to FRS 101	Presentation of Financial Statements *	1 January 2011
Amendments to FRS 121	The Effect of Changes in Foreign Exchange Rates *	1 January 2011
Amendment to FRS 128	Investments in Associates *	1 January 2011
Amendment to FRS 134	Interim Financial Reporting *	1 January 2011
Amendments to FRS 139	Financial Instruments: Recognition and Measurement *	1 January 2011

* Amendments arising from Improvements to FRSs (2010)

The adoption of the above revised FRSs and amendments to FRSs do not have significant financial impact on the Group and the Company.

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

At the date of issuance of this quarterly report, the revised FRS, new IC Int. and amendment to IC Int. which were in issue but not yet effective are as listed below:

Revised FRS, IC Int. and Amendments to IC Int.		Effective date
FRS 124	Related Party Disclosures (Revised)	1 January 2012
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Int. 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 July 2011
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

The above revised FRS, new IC Int. and amendments to IC Int. will be adopted in the 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 420,700 units of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM1,104,554 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 RM2.63. 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 1,100,000 treasury shares valued at RM2,853,114 for a total consideration of RM2,854,638 in the open market, resulting in a surplus of RM1,524 which has been credited to share premium account.

A7 Dividend Paid

	Year To Date Ended	
	30.06.2011	30.06.2010
	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	-	4,882
First interim dividend paid for the year 2010 : 3.50 sen tax exempt per ordinary share paid on 4 June 2010	-	2,621
Fourth interim dividend paid for the year 2010 : 3.50 sen tax exempt per ordinary share paid on 30 March 2011	2,622	-
First interim dividend paid for the year 2011 : 3.00 sen tax exempt per ordinary share paid on 10 June 2011	2,239	-
	=====	=====

A8 Segmental analysis

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

For management purposes, the Group is organised into the following operating divisions:

- Packaging - manufacture and marketing of flexible packaging materials
- Property development - development of land into residential and commercial building properties

Segment Revenue and Results

Segment information for the six months ended 30 June 2011 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>2011</u>				
Revenue	132,082	8,779	-	140,861
	=====	=====	=====	=====
Results				
Segment results	11,137	2,412	-	13,549
Unallocated costs				(213)

Profit from operations				13,336
Finance costs				(593)
Share of results of associated company	-	(231)	-	(231)

Profit before tax				12,512
				=====

Segment information for the six months ended 30 June 2010 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>2010</u>				
Revenue	120,384	476	-	120,860
	=====	=====	=====	=====
Results				
Segment results	12,837	(76)	-	12,761
Unallocated costs				(199)

Profit from operations				12,562
Finance costs				(401)
Share of results of associated company	-	(99)	-	(99)

Profit before tax				12,062
				=====

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

Geographical Information

The Group operates in two principal geographical areas - Malaysia (country of domicile) and Australia.

The Group's revenue from continuing operations from external customers and information about its non-current assets* by geographical location information for the six months ended are as follows:

	Group	
	30.06.2011	30.06.2010
	RM'000	RM'000
Revenue		
Malaysia	122,610	106,621
Australia	18,251	14,239
	<u>140,861</u>	<u>120,860</u>
Non current assets *		
Malaysia	68,048	61,341
Australia	227	165
	<u>68,275</u>	<u>61,506</u>

* Non-current assets excluding land held for development, investment in associated company and deferred tax assets.

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 June 2011 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 June 2011 including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring and discontinuing operations.

A12 Contingent liabilities

As at 30 June 2011, the Company has issued corporate guarantees totalling RM8,500,000 and a Standby Letter of Credit for Australian Dollar 500,000 (equivalent to RM1,621,900) 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 June 2011 were as follows: -

	RM'000
Property, plant and equipment	
- Authorised and contracted for	6,191
- Authorised but not contracted for	563
	<u>6,754</u>

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

B1 Review of Performance

For the three months ended 30 June 2011, the Group recorded revenue of RM73.191 million as compared to RM61.173 million for the corresponding period in the previous year, representing an increase of 19.6%, due to increased sales in both the packaging and property development segments. The Group's profit before tax increased by 16.0% to RM6.623 million as compared to RM5.709 million previously mainly due to a higher contribution from the property segment in line with the higher percentage of completion in its ongoing property development project.

For the six months ended 30 June 2011, the Group recorded revenue of RM140.861 million as compared to RM120.860 million for the corresponding period in the previous year, representing an increase of 16.5%, due to increased sales in both the packaging and property development segments. The Group's profit before tax of RM12.512 million as compared to RM12.062 million previously, representing an increase of 3.7%, was mainly due to the higher contribution from the property segment during the period.

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 RM73.191 million increased by 8.2% compared to the turnover of the preceding quarter of RM67.670 million. The Group recorded a profit before tax of RM6.623 million compared to a profit before tax of RM5.889 million for the preceding quarter representing an increase of 12.5%. The increase in both the Group revenue and profit before tax was mainly due to a higher contribution from the property segment in line with a higher percentage of completion in its ongoing property development project.

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

Given the ongoing uncertainties in the global economy, the Group's operating environment is expected to remain challenging and competitive. The Group is committed to maintain its leadership position in the flexible packaging industry by pursuing opportunities in new market segments and product innovations to register further top line growth.

Barring unforeseen circumstances, the Board is of the opinion that the performance for the current financial year should surpass that of the previous financial year.

B4 Profit Forecast or Profit Guarantee

No profit forecast or profit guarantee was provided.

B5 Taxation

	3 months ended		6 months ended	
	30.06.2011 RM'000	30.06.2010 RM'000	30.06.2011 RM'000	30.06.2010 RM'000
In respect of current period:-				
- Malaysian Tax	1,201	1,393	2,097	2,621
- Foreign Tax	151	208	326	208
- Deferred Tax	136	(142)	108	(201)
	<u>1,488</u>	<u>1,459</u>	<u>2,531</u>	<u>2,628</u>
In respect of prior year:-				
- Foreign Tax overprovided	(25)	-	(25)	-
	<u>1,463</u>	<u>1,459</u>	<u>2,506</u>	<u>2,628</u>

The effective tax rate for the financial quarter ended 30 June 2011 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 June 2011.

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 June 2011.

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 June 2011 were as follows: -

	Current	Non Current
	RM'000	RM'000
Unsecured - Ringgit Malaysia	32,418	4,676
Secured - Ringgit Malaysia	177	1,008
Secured - Australian Dollar	1,310	-
	<u>33,905</u>	<u>5,684</u>

Borrowings are denominated in Ringgit Malaysia and Australian Dollar.

B10 Financial instruments

As at 30 June 2011, the Group has the following outstanding derivative financial liabilities:-

	Principal or	Liabilities
	Notional	Fair value -
	Amount	Net Loss
	RM'000	RM'000
<u>Foreign currency forward contracts:-</u>		
Sell AUD		
- Less than 1 year	3,803	(77)
Buy Euro		
- Less than 1 year	3,519	(8)
		<u>(85)</u>

The Group is exposed to risks arising from currency exposure with respect to Australian Dollar and Euro. The Group enters into forward contracts as a hedge against fluctuation in its foreign currency collection and payment 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 a second interim dividend of 3.50 sen, tax exempt, in respect of the financial year ended 31 December 2011 and the said dividend will be paid on 14 September 2011 (2010: 2.50 sen tax exempt) to shareholders whose names appear on the Company's Record of Depositors on 16 August 2011.

B13 Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the period under review attributable to owners 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 and disposed during the period under review.

	3 Months ended		6 Months ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
Basic earnings per share				
Profit attributable to owners of the Company (RM'000)	4,975	4,189	9,621	9,206
Weighted average number of ordinary shares in issue ('000)	74,900	74,907	74,942	74,991
Basic earnings per share (sen)	6.64	5.59	12.84	12.28

B14 Disclosure of realised and unrealised profits

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits or losses is as follows:

	30.06.2011	31.12.2010
	RM'000	RM'000
Total retained earnings of the Group:-		
- Realised	67,678	62,039
- Unrealised	(4,904)	(4,532)
	62,774	57,507
Total share of retained earnings from an associated company:-		
- Realised	170	508
- Unrealised	1	1
	62,945	58,016
Less: Consolidation adjustments	(3,488)	(3,319)
Total Group retained earnings	59,457	54,697

By Order of the Board

Ms TAN GAIK HONG, MIA 4621
 Secretary
 Melaka
 Dated : 28 July 2011
 c.c. Securities Commission