

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

<b>Revised FRSs and Amendments to FRSs</b>		<b>Effective date</b>
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:

<b>Revised FRS, IC Int. and Amendments to IC Int.</b>		<b>Effective date</b>
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 622,900 units of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM1,629,391 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 RM2.62. 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</b>	
	<b>30.09.2011</b>	<b>30.09.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Third interim dividend paid for the year 2009 : 6.50 sen tax exempt per ordinary share paid on 16 March 2010	-	4,882
Fourth interim dividend paid for the year 2010 : 3.50 sen tax exempt per ordinary share paid on 30 March 2011	<b>2,622</b>	-
First interim dividend paid for the year 2011 : 3.00 sen tax exempt per ordinary share paid on 10 June 2011 (2010 : 3.50 sen tax exempt per ordinary share paid on 4 June 2010)	<b>2,239</b>	2,621
Second interim dividend paid for the year 2011 : 3.50 sen tax exempt per ordinary share paid on 14 September 2011 (2010 : 2.50 sen tax exempt per ordinary share paid on 3 September 2010)	<b>2,630</b>	1,870
	=====	=====

**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 nine months ended 30 September 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
<b><u>2011</u></b>				
Revenue	194,329	14,197	-	208,526
	=====	=====	=====	=====
<b>Results</b>				
Segment results	16,233	3,277	-	19,510
Unallocated costs				(290)
				-----
Profit from operations				19,220
Finance costs				(902)
Share of results of associated company	-	(313)	-	(313)
				-----
Profit before tax				18,005
				=====

Segment information for the nine months ended 30 September 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
<b><u>2010</u></b>				
Revenue	186,024	6,263	-	192,287
	=====	=====	=====	=====
<b>Results</b>				
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
				=====

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	
	30.09.2011	30.09.2010
	RM'000	RM'000
<b>Revenue</b>		
Malaysia	181,022	169,020
Australia	<u>27,504</u>	<u>23,267</u>
	<u><b>208,526</b></u>	<u><b>192,287</b></u>
<b>Non current assets *</b>		
Malaysia	67,633	61,668
Australia	<u>207</u>	<u>234</u>
	<u><b>67,840</b></u>	<u><b>61,902</b></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 September 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 September 2011 including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring and discontinuing operations.

### A12 Contingent liabilities

As at 30 September 2011, the Company has issued corporate guarantees totalling RM8,500,000 and a Standby Letter of Credit for Australian Dollar 500,000 (equivalent to RM1,563,500) 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 2011 were as follows: -

	RM'000
Property, plant and equipment	
- Authorised and contracted for	8,957
- Authorised but not contracted for	<u>201</u>

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

**B1 Review of Performance**

Segment	3 months ended		9 months ended	
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
	RM'000	RM'000	RM'000	RM'000
<b>Packaging</b>				
Turnover	<b>62,247</b>	65,640	<b>194,329</b>	186,024
Profit Before Tax	<b>4,710</b>	4,956	<b>15,041</b>	17,193
<b>Property</b>				
Turnover	<b>5,418</b>	5,787	<b>14,197</b>	6,263
Profit Before Tax	<b>783</b>	1,341	<b>2,964</b>	1,166
<b>Total</b>				
<b>Turnover</b>	<b>67,665</b>	71,427	<b>208,526</b>	192,287
<b>Profit Before Tax</b>	<b>5,493</b>	6,297	<b>18,005</b>	18,359

For the three months ended 30 September 2011, the Group recorded revenue of RM67.665 million as compared to RM71.427 million for the corresponding period in the previous year, representing a reduction of 5.3%, mainly due to the reduction in the sales in the packaging segment. The Group's profit before tax decreased by 12.8% to RM5.493 million as compared to RM6.297 million previously mainly due to a lower contribution from the property segment. This was in line with the lower percentage of completion recognised for the current reporting period as compared to the previous year's corresponding period.

For the nine months ended 30 September 2011, the Group recorded revenue of RM208.526 million as compared to RM192.287 million for the corresponding period in the previous year, representing an increase of 8.4%, due to increased sales in both the packaging and property development segments. The Group's profit before tax of RM18.005 million as compared to RM18.359 million previously represented a decrease of 1.9%. The packaging segment registered a reduction of 12.5% in profit before tax while the profit from the property segment more than doubled from RM1.166 million for the period in 2010 to RM2.964 million for the corresponding period in 2011.

The lower profitability for the packaging segment in 2011 was mainly due to the impact of high raw material prices during the first half of 2011. The substantial increase in the profit from the property segment was due to the higher percentage of completion recognised during 2011 from the ongoing project.

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**

Segment	3 months ended	
	30.9.2011	30.6.2011
	RM'000	RM'000
<b>Packaging</b>		
Turnover	62,247	66,994
Profit Before Tax	4,710	5,033
<b>Property</b>		
Turnover	5,418	6,197
Profit Before Tax	783	1,591
<b>Total</b>		
Turnover	67,665	73,191
Profit Before Tax	5,493	6,623

For the three months under review, the Group's turnover of RM67.665 million decreased by 7.6% compared to the turnover of the preceding quarter of RM73.191 million. The Group recorded a profit before tax of RM5.493 million compared to a profit before tax of RM6.623 million for the preceding quarter representing a decrease of 17.1%.

The reduction in the Group's profit before tax was mainly due to the 51% decrease in the profit before tax from the property segment as a result of the lower percentage of completion recognised for the current quarter.

The decrease in profit before tax from the packaging segment was mainly due to the reduced output in the current quarter. Towards the end of the current quarter, the packaging segment experienced unprecedented breakdown in certain key machinery which resulted in lower output as well as incurring higher wastage.

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 to focus on securing identified key new accounts to register further growth to maintain its leadership position in the flexible packaging industry.

The Group expects that the fluctuations in raw material cost will continue to be a concern in the near future. Given the ongoing uncertainties in the global economy, the Group's operating environment is expected to remain challenging and competitive.

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

**B4 Profit Forecast or Profit Guarantee**

No profit forecast or profit guarantee was provided.

**B5 Taxation**

	3 months ended		9 months ended	
	30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
In respect of current period:-				
- Malaysian Tax	424	1,618	2,521	4,239
- Foreign Tax	155	83	481	291
- Deferred Tax	211	(229)	319	(430)
	790	1,472	3,321	4,100
In respect of prior year:-				
- Malaysian Tax overprovided	(17)	(105)	(17)	(105)
- Foreign Tax overprovided	-	-	(25)	-
	<u>773</u>	<u>1,367</u>	<u>3,279</u>	<u>3,995</u>

The effective tax rate for the financial quarter ended 30 September 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 September 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 September 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 September 2011 were as follows: -

	Current RM'000	Non Current RM'000
Unsecured - Ringgit Malaysia	27,884	5,082
Secured - Ringgit Malaysia	277	826
Secured - Australian Dollar	1,545	-
	<u>29,706</u>	<u>5,908</u>

Borrowings are denominated in Ringgit Malaysia and Australian Dollar.

**B10 Financial instruments**

As at 30 September 2011, the Group has the following outstanding derivative financial assets:-

	Principal or Notional Amount RM'000	Fair value Net gain RM'000
<u>Foreign currency forward contracts:-</u>		
Sell AUD		
- Less than 1 year	13,538	324
Buy Euro		
- Less than 1 year	3,631	33
		<u>357</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 third interim dividend of 3.00 sen, tax exempt, in respect of the financial year ended 31 December 2011 and the said dividend will be paid on 8 December 2011 (2010: 3.00 sen tax exempt) to shareholders whose names appear on the Company's Record of Depositors on 14 November 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		9 Months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
Basic earnings per share				
Profit attributable to owners of the Company (RM'000)	<u>4,543</u>	4,825	<u>14,164</u>	14,031
Weighted average number of ordinary shares in issue ('000)	<u>75,188</u>	75,363	<u>75,025</u>	73,576
Basic earnings per share (sen)	<u>6.04</u>	6.40	<u>18.88</u>	19.07

**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:

	30.09.2011	31.12.2010
	RM'000	RM'000
Total retained earnings of the Group:-		
- Realised	70,607	62,039
- Unrealised	<u>(5,178)</u>	<u>(4,532)</u>
	65,429	57,507
Total share of retained earnings from an associated company:-		
- Realised	(143)	508
- Unrealised	<u>1</u>	<u>1</u>
	65,287	58,016
Less: Consolidation adjustments	<u>(3,917)</u>	<u>(3,319)</u>
Total Group retained earnings	<u>61,370</u>	<u>54,697</u>

By Order of the Board

Ms TAN GAIK HONG, MIA 4621  
Secretary  
Melaka  
Dated : 21 October 2011  
c.c. Securities Commission