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 interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended December 31, 2014. 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 financial year ended December 31, 2014.

The significant accounting policies and presentation adopted by the Group for the interim financial statements are consistent with those of the Group's consolidated audited financial statements for the financial year ended December 31, 2014 except for the adoption of the following:

Amendments to FRSs		**Effective date**
Amendment to FRS 3	Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)	July 1, 2014
Amendment to FRS 8	Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)	July 1, 2014
Amendment to FRS 13	Fair Value Measurement (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)	July 1, 2014
Amendment to FRS 116	Property, Plant and Equipment (Annual Improvements to FRSs 2010-2012 Cycle)	July 1, 2014
Amendments to FRS 119	Defined Benefit Plans: Employee Contributions	July 1, 2014
Amendment to FRS 124	Related Party Disclosures (Annual Improvements to FRSs 2010-2012 Cycle)	July 1, 2014

The adoption of the amendments to FRSs does not have significant financial impact on the financial statements of the Group and of the Company.

Malaysian Financial Reporting Standards ("MFRSs")

On November 19, 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual financial periods beginning on or after January 1, 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual financial periods beginning on or after January 1, 2013. On July 4, 2012, the MASB has decided to allow Transitioning Entities to defer the adoption of the MFRS Framework for another year. The MFRS Framework will therefore be mandated for all companies for annual financial periods beginning on or after January 1, 2014. On August 7, 2013, the MASB has decided to extend the transitional period for another year, i.e. the adoption of the MFRS Framework by all entities for annual financial periods beginning on or after January 1, 2015.

On September 2, 2014, with the issuance of MFRS 15 Revenue from Contracts with Customers and Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141), the MASB announced that Transitioning Entities are required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017.

An associate of the Group falls within the scope of definition of Transitioning Entities and has opted to defer the adoption of the new MFRS Framework and accordingly, the Group will be required to prepare its first set of financial statements using the MFRS Framework for the financial year ending December 31, 2017.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

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 period under review.

A6 Debt and Equity Securities

During the current quarter, the Company repurchased 104,600 units of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM456,707 including transaction costs and has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares was RM4.37. 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 333,500 treasury shares valued at RM4.39 for a total net consideration of RM1,464,698 in the open market, resulting in a surplus of RM18,749 which has been credited to the share premium account.

A7 Dividend Paid

	3 months ended	
	31.3.2015	31.3.2014
	RM'000	RM'000
Fourth interim single tier dividend paid for the financial year 2014: 3.50 sen per ordinary share paid on March 27, 2015. (2014: 4.00 sen single tier dividend per ordinary share for the financial year 2013 paid on March 28, 2014).	**3,978**	4,552
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A8 Related party transactions

There were no significant related party transactions for the period under review.

A9 Contingent liabilities

There were no contingent liabilities as at the date of this quarterly report.

A10 Operating segments

No segment information has been prepared as the Group is primarily engaged in manufacturing and marketing of flexible packaging materials.

Geographical Information

The Group operates in three principal geographical areas – Malaysia (country of domicile), Australia and New Zealand.

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

	Group	
	31.3.2015	31.3.2014
	RM'000	RM'000
Revenue		
Malaysia	**76,377**	78,863
Australia	**8,911**	11,530
New Zealand	**869**	-
	86,157	90,393
Non-current assets *		
Malaysia	**123,717**	113,080
Australia	**122**	159
New Zealand	**5**	-
	123,844	113,239

* Non-current assets excluding investment in an associate and deferred tax assets.

A11 Capital Commitments

Capital commitments not provided for in the financial statements as of March 31, 2015 were as follows: -

	RM'000
Property, plant and equipment	
- Authorised and contracted for	8,747
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A12 Subsequent events

There were no material events subsequent to March 31, 2015 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report.

A13 Changes in the Composition of the Group

There were no changes in the composition of the Group including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring and discontinuing operations as at March 31, 2015.

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

B1 Review of Performance

The Group's performance for the quarter under review as compared to the corresponding quarter of the previous financial year is as tabled below:

Description	1Q15 RM'000	1Q14 RM'000	% Change
Revenue	86,157	90,393	-4.7
Profit Before Tax ("PBT")	8,149	8,890	-8.3

For the three months ended March 31, 2015, the Group recorded revenue of RM86.16 million as compared to RM90.39 million for the corresponding period in the previous year, representing a marginal decrease of 4.7%. The decrease in revenue was mainly attributed to a slowdown in demand from our export markets to MNC customers in the ASEAN region. Export sales represented 47% of group revenue in the current quarter under review, a reduction from 53% in the previous year. Furthermore, the new export orders for two new product lines which were expected to materialise in the first quarter of 2015 have been delayed to the second and third quarter respectively.

PBT in the current quarter reduced by 8.3% to RM8.15 million from RM8.89 million in the corresponding period in the previous year despite increased contribution from share of results of associate for the current quarter. The reduction in PBT was mainly attributable to the decreased turnover, sales mix and increase in depreciation and labour costs. During the current quarter, the control over waste management was comparable to the previous year. Moving forward, the ongoing efforts to focus on improvement in operations will translate into better control over waste.

There were no other material factors affecting the earnings and/or revenue of the Group for the current year.

B2 Material Changes in Profit Before Tax for the Quarter Reported On As Compared with the Immediate Preceding Quarter

The Group's current quarter performance as compared to that of the preceding quarter is as tabled below:

Description	1Q15 RM'000	4Q14 RM'000	% Change
Revenue	86,157	84,047	+2.5
Profit Before Tax ("PBT")	8,149	7,139	+14.3

For the three months under review, the Group's turnover of RM86.16 million represented a slight increase of 2.5% as compared to the turnover of the preceding quarter of RM84.05 million. The increase from local sales exceeded exports sales resulting in a reduction in the percentage of export sales in the current quarter. Export sales represented 47% of total revenue in the current quarter under review as compared to 50% in the previous quarter. The customer base of the Group has remained stable with no loss of any account in the current quarter.

In the quarter under review there was a reduction in the prices of certain key raw materials due to the decrease in crude oil prices in the last quarter of 2014. However, due to the sharp depreciation in the Malaysian Ringgit in the current quarter, the benefit of the price reduction in raw materials has been negated for local sales as the translated cost of imported raw materials is higher compared to the previous quarter. This benefit has materialised for the margins on USD denominated export sales.

The Group recorded PBT of RM8.15 million as compared to RM7.14 million in the preceding quarter. The increased turnover and positive impact of the weakened Malaysian Ringgit and lower raw material prices on export sales mentioned earlier, as well as the increased contribution from the share of results of associate has contributed to the improved PBT and a better profit margin of 9.5% recorded in the current quarter as compared to 8.5% in the previous quarter.

There were no other material factors affecting the earnings and/or revenue of the Group for the current period.

B3 **Prospects**

Crude oil prices declined significantly within the fourth quarter of 2014 (4Q14) from USD90 per barrel in early 4Q14, to a low of USD50 per barrel in end 4Q14. While the low rate was sustained in the first quarter of 2015 (1Q15), prices exceeded the USD50 per barrel mark in April 2015.

Certain key raw materials which are derivatives of crude oil trailed the fluctuation in crude oil prices, though not on the same scale. Hence, raw material prices which had reduced in early 2015 began to climb in March 2015, and escalate sharply from April 2015 onwards.

Daibochi is cognizant of ongoing challenges arising from volatility in currency exchange rates and raw material prices. We also continue to focus on enhancing operational efficiency to optimise our operational costs in the long run.

The Company is working towards the timely commercialisation of its recently secured orders for new product lines. We are also looking into new opportunities from our MNC clientele, mainly representing exports to Australia, New Zealand and the ASEAN region. Thus, the Board remains optimistic of achieving a record turnover in the current year.

B4 **Profit Forecast or Profit Guarantee**

No profit forecast or profit guarantee was provided.

B5 **Profit Before Tax**

Profit before tax is arrived at after (crediting)/charging:

	3 months ended	
	31.3.2015	31.3.2014
	RM'000	RM'000
Interest income	**(19)**	(21)
Other operating income	**(576)**	(485)
Interest expense	**510**	423
Depreciation of property, plant and equipment	**2,919**	2,493
Inventories write-down/(Reversal of inventories write-down) -net	**104**	(30)
Foreign exchange gain	**(372)**	(496)
Foreign exchange (gain)/loss on derivatives	**(26)**	151

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

B6 **Income Tax Expense**

	3 months ended	
	31.3.2015	31.3.2014
	RM'000	RM'000
Current:		
- Malaysian Tax	**1,925**	1,441
- Foreign Tax	**23**	141
	1,948	1,582
Deferred tax:		
- Current	**14**	704
	1,962	2,286

B7 **Status of Corporate Proposals**

There were no corporate proposals announced as of the date of this quarterly report.

B8 Group Borrowings

Details of the Group's borrowings as of March 31, 2015 were as follows:-

	Current RM'000	Non-Current RM'000
Unsecured - Ringgit Malaysia	36,707	10,935
Unsecured - United States Dollar	20,615	-
Secured - Ringgit Malaysia	188	262
	57,510	11,197

B9 Financial instruments

The Group enters into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuations on trade transactions.

As of March 31, 2015, the Group has the following outstanding derivatives:-

	Principal or Notional Amount RM'000	Fair Value RM'000	Net Loss RM'000
Foreign currency forward contracts:-			
Less than 1 year	2,142	2,266	124

There is no change to the Group's financial risk management policies in managing these derivatives, its related accounting policies and the market risk associated with these derivatives since the last financial year.

B10 Material litigation

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

B11 Dividends

The Board is pleased to declare a first interim single tier dividend of 3.50 sen for the financial year ending December 31, 2015 and the said dividend will be paid on June 19, 2015 (2014: 3.50 sen single tier dividend) to shareholders whose names appear on the Company's Record of Depositors on May 28, 2015.

B12 Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the financial 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 financial period under review.

	3 Months ended	
	31.3.2015	31.3.2014
Profit attributable to owners of the Company (RM'000)	**6,187**	6,604
Weighted average number of ordinary shares in issue ('000):		
Issued ordinary shares as of January 1	**113,853**	113,853
Effect of treasury shares held	**(313)**	(86)
Weighted average number of ordinary shares as of March 31	**113,540**	113,767
Basic earnings per share (sen)	**5.45**	5.80

Diluted earnings per ordinary share are not presented as there are no dilutive potential ordinary shares outstanding during the financial periods.

B13 Disclosure of realised and unrealised earnings

The breakdown of retained earnings of the Group as of the reporting date, into realised and unrealised profits or losses, pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements, are as follows:

	31.3.2015 RM'000	31.12.2014 RM'000
Total retained earnings of the Group:-		
- Realised	**70,513**	68,654
- Unrealised	**(11,069)**	(10,668)
	59,444	57,986
Total share of retained earnings from an associate:-		
- Realised	**999**	135
- Unrealised	**(15)**	(15)
	60,428	58,106
Less: Consolidation adjustments	**(4,152)**	(4,039)
Total Group retained earnings	**56,276**	54,067

By Order of the Board

Ms TAN GAIK HONG, MIA 4621
Secretary
Melaka

Dated: May 7, 2015
c.c. Securities Commission