

DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD (12994 - W)
UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED MARCH 31, 2018

The Board of Directors is pleased to submit its quarterly report on the consolidated results of the Group for the first quarter ended March 31, 2018. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 Months ended		3 Months ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	104,741	94,116	104,741	94,116
Operating profit	9,381	7,772	9,381	7,772
Finance costs	(862)	(688)	(862)	(688)
Share of results of equity-accounted associate	23	351	23	351
Profit before tax	8,542	7,435	8,542	7,435
Income tax expense	(1,461)	(1,667)	(1,461)	(1,667)
Profit for the financial period	7,081	5,768	7,081	5,768
Other comprehensive income for the financial period, net of income tax				
Item that will be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(2,044)	324	(2,044)	324
Total comprehensive income for the financial period	5,037	6,092	5,037	6,092
Profit attributable to:				
Owners of the Company	6,476	5,768	6,476	5,768
Non-controlling interests	605	-	605	-
	7,081	5,768	7,081	5,768
Total comprehensive income attributable to:				
Owners of the Company	5,031	6,092	5,031	6,092
Non-controlling interests	6	-	6	-
	5,037	6,092	5,037	6,092
Earnings per ordinary share				
attributable to owners of the Company				
- Basic (sen)	1.98	1.76 *	1.98	1.76 *

* For comparative purpose, the Earnings Per Share for the quarter/ period ended March 31, 2017 had been adjusted to reflect the bonus issue of 2 for every 10 ordinary shares held by the entitled shareholders, which was completed on June 28, 2017.

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Report for the financial year ended December 31, 2017 and the accompanying explanatory notes attached to the interim financial statements.)

DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD (12994 - W)
UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED MARCH 31, 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited	Audited
	As Of	As Of	As Of
	31.03.2018	31.12.2017	01.01.2017
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	135,184	138,088	141,218
Investment in an associate	19,386	19,363	20,245
Goodwill	34,155	35,137	-
Deferred tax assets	109	117	119
Total non-current assets	188,834	192,705	161,582
Current assets			
Inventories	87,046	86,537	72,554
Trade and other receivables	72,664	67,766	57,783
Tax recoverable	1,019	805	627
Derivative financial assets	-	6	21
Short-term deposits, cash and bank balances	17,114	18,306	15,829
Total current assets	177,843	173,420	146,814
Total assets	366,677	366,125	308,396
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	164,176	164,163	136,623
Treasury shares	-	(508)	(2,354)
Reserves	37,961	37,193	54,902
Equity attributable to owners of the Company	202,137	200,848	189,171
Non-controlling interests	21,060	21,054	-
Total equity	223,197	221,902	189,171
Non-current liabilities			
Trade and other payables	664	664	508
Borrowings			
- interest bearing	21,338	20,128	13,417
Deferred tax liabilities	13,431	13,016	12,860
Total non-current liabilities	35,433	33,808	26,785
Current liabilities			
Trade and other payables	54,788	57,912	51,297
Derivative financial liabilities	-	-	570
Borrowings			
- bank overdraft (interest bearing)	-	10	-
- interest bearing	51,163	49,737	40,573
Tax payable	2,096	2,756	-
Total current liabilities	108,047	110,415	92,440
Total liabilities	143,480	144,223	119,225
Total equity and liabilities	366,677	366,125	308,396

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the financial year ended December 31, 2017 and the accompanying explanatory notes attached to the interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Attributable to Owners of The Company</u>						Distributable Reserve	Total	Non- controlling Interests	Total Equity				
	Issued Capital	Treasury Shares	- Non-Distributable Reserves -								Retained Earnings	Total	Non- controlling Interests	Total Equity
			Share Premium	Translation Reserve	Warrants Reserve	Discount on Shares								
Balance as of January 1, 2018	164,163	(508)	-	(1,472)	9,837	(9,837)	38,665	200,848	21,054	221,902				
Total comprehensive income for the financial period	-	-	-	(1,445)	-	-	6,476	5,031	6	5,037				
Transactions with owners :														
Dividends to owners of the Company	-	-	-	-	-	-	(4,263)	(4,263)	-	(4,263)				
Exercise of warrants	9	-	-	-	(1)	1	-	9	-	9				
Disposal of treasury shares	4	508	-	-	-	-	-	512	-	512				
Total transactions with owners	13	508	-	-	(1)	1	(4,263)	(3,742)	-	(3,742)				
Balance as of March 31, 2018	164,176	-	-	(2,917)	9,836	(9,836)	40,878	202,137	21,060	223,197				
Balance as of January 1, 2017	136,623	(2,354)	2,950	595	-	-	51,357	189,171	-	189,171				
Total comprehensive income for the financial period	-	-	-	324	-	-	5,768	6,092	-	6,092				
Transactions with owners :														
Dividends to owners of the Company	-	-	-	-	-	-	(3,604)	(3,604)	-	(3,604)				
Share buy-back	-	(1,821)	-	-	-	-	-	(1,821)	-	(1,821)				
Disposal of treasury shares	196	4,175	-	-	-	-	-	4,371	-	4,371				
Total transactions with owners	196	2,354	-	-	-	-	(3,604)	(1,054)	-	(1,054)				
Balance as of March 31, 2017	136,819	-	2,950	919	-	-	53,521	194,209	-	194,209				

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the financial year ended December 31, 2017 and the accompanying explanatory notes attached to the interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 3 Months ended 31.03.2018 RM'000	Unaudited 3 Months ended 31.03.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	99,911	94,129
Cash paid to suppliers, employees and other payables	<u>(96,039)</u>	<u>(83,048)</u>
Cash generated from operations	3,872	11,081
Interest received	15	58
Interest paid	(579)	(467)
Tax paid	<u>(1,906)</u>	<u>(1,025)</u>
Net Cash From Operating Activities	<u>1,402</u>	<u>9,647</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	30	7
Purchase of property, plant and equipment, net of finance leases drawdown	(1,626)	(976)
Proceeds from disposal of property, plant and equipment	<u>750</u>	<u>89</u>
Net Cash Used In Investing Activities	<u>(846)</u>	<u>(880)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share buy-back	-	(1,821)
Proceeds from disposal of treasury shares	512	4,371
Proceeds from issuance of ordinary shares	9	-
Drawdown of term loans	6,644	-
Repayment of term loans	(4,418)	(1,105)
Dividends paid to owners of the Company	(4,263)	-
Interest paid	(283)	(221)
Proceeds from/(Repayment of) short-term borrowings (net)	1,140	(2,757)
Repayment of finance leases	<u>(730)</u>	<u>(695)</u>
Net Cash Used In Financing Activities	<u>(1,389)</u>	<u>(2,228)</u>
Net (decrease)/increase in cash and cash equivalents	(833)	6,539
Cash and cash equivalents at beginning of financial year	18,296	15,829
Effect of exchange differences	(349)	98
Cash and cash equivalents at end of financial period *	<u>17,114</u>	<u>22,466</u>
* Cash and cash equivalents at end of financial period consist of:-		
Short-term deposits with licensed banks	-	4,000
Cash and bank balances	<u>17,114</u>	<u>18,466</u>
	<u>17,114</u>	<u>22,466</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the financial year ended December 31, 2017 and the accompanying explanatory notes attached to the interim financial statements.)

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 MFRS 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, 2017. 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, 2017.

The Group has adopted the Malaysian Financial Reporting Standards ("MFRSs") framework issued by the Malaysian Accounting Standards Board with effect from January 1, 2018, and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. Accordingly, the financial statements of the Group for the financial year ending December 31, 2018 is the first set of financial statements prepare in accordance with the MFRSs.

For periods up to and including the financial year ended December 31, 2017, the Group prepared its financial statements in accordance with the Financial Reporting Standards ("FRSs") in Malaysia. The convergence from FRSs to the MFRSs framework does not have significant effect on the financial statements of the Group.

The following MFRSs, IC Interpretation and amendments to MFRSs have been adopted by the Group during the current period:

MFRSs, IC Interpretation and amendments to MFRSs		Effective date
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	January 1, 2018
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)	January 1, 2018
MFRS 15	Revenue from Contracts with Customers	January 1, 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)	January 1, 2018
Amendments to MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)	January 1, 2018

The adoption of the MFRSs, IC Interpretation and amendments to MFRSs does not have significant financial impact on the financial statements of the Group.

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:

- a) The Company disposed of 227,400 treasury shares valued at RM2.25 for a total net consideration of RM512,028 in the open market.
- b) A total of 3,589 new ordinary shares were issued pursuant to the exercise of 3,589 warrants at the issue price of RM2.50 per share. The shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on February 13, 2018.

A7 Dividend Paid

	3 months ended	
	31.03.2018	31.03.2017
	RM'000	RM'000
Fourth interim single tier dividend paid for the financial year 2017: 1.30 sen per ordinary share paid on March 21, 2018. (2017: 1.32 sen single tier dividend per ordinary share for the financial year 2016 paid on April 10, 2017).	4,263	3,604
	=====	=====

A8 Related party transactions

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

A9 Contingent liabilities

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

A10 Capital Commitments

Capital commitments not provided for in the financial statements as of March 31, 2018 were as follows: -

	RM'000
Property, plant and equipment	
- Authorised and contracted for	127
- Authorised but not contracted for	14,018
	=====

A11 Subsequent events

There were no material events subsequent to March 31, 2018 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report.

A12 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, 2018.

A13 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 four principal geographical areas – Malaysia (country of domicile), Myanmar, Australia and New Zealand (“ANZ”).

The Group’s financial performance from continuing operations and information about its non-current assets* by geographical location for the three months ended are as follows:

	Malaysia RM'000	Australia RM'000	New Zealand RM'000	MALAYSIA PLANT RM'000	Myanmar RM'000	Total RM'000	Elimination RM'000	Group RM'000
3 months quarter ended March 31, 2018								
Revenue								
-external	80,962	15,303	412	96,677	8,064	104,741	-	104,741
-internal	13,974	-	-	13,974	2,676	16,650	(16,650)	-
	<u>94,936</u>	<u>15,303</u>	<u>412</u>	<u>110,651</u>	<u>10,740</u>	<u>121,391</u>	<u>(16,650)</u>	<u>104,741</u>
Profit by geographical location	<u>6,140</u>	<u>140</u>	<u>20</u>	<u>6,300</u>	<u>1,513</u>	<u>7,813</u>	<u>706</u>	<u>8,519</u>
Share of results of equity-accounted associate								<u>23</u>
Profit before tax								<u><u>8,542</u></u>
3 months quarter ended March 31, 2017								
Revenue								
-external	77,595	15,498	1,023	94,116	-	94,116	-	94,116
-internal	14,572	-	-	14,572	-	14,572	(14,572)	-
	<u>92,167</u>	<u>15,498</u>	<u>1,023</u>	<u>108,688</u>	<u>-</u>	<u>108,688</u>	<u>(14,572)</u>	<u>94,116</u>
Profit by geographical location	<u>7,222</u>	<u>154</u>	<u>37</u>	<u>7,413</u>	<u>-</u>	<u>7,413</u>	<u>(329)</u>	<u>7,084</u>
Share of results of equity-accounted associate								<u>351</u>
Profit before tax								<u><u>7,435</u></u>

	Malaysia RM'000	Australia RM'000	New Zealand RM'000	MALAYSIA PLANT RM'000	Myanmar RM'000	Total RM'000	Elimination RM'000	Group RM'000
<u>NON-CURRENT ASSETS</u>								
As at March 31, 2018								
Non-current assets	126,908	55	-	126,963	42,771	169,734	(395)	169,339
As at March 31, 2017								
Non-current assets	138,670	95	-	138,765	-	138,765	(3)	138,762

*Non-current assets do not include investment in subsidiary/associated companies and deferred tax assets.

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:

GROUP	1Q 2018 RM '000	1Q 2017 RM '000	Change %
Revenue	104,741	94,116	11.3%
Operating profit	9,381	7,772	20.7%
Profit before tax	8,542	7,435	14.9%
Profit after tax	7,081	5,768	22.8%
Profit attributable to owners of the Company	6,476	5,768	12.3%
MYANMAR PLANT ("Daibochi Myanmar")			
Revenue	10,740	-	n/a
Profit before tax	1,513	-	n/a

For the three months ended March 31, 2018, the Group recorded 11.3% increase in revenue to RM104.74 million from RM94.12 million in the previous corresponding quarter due to new contributions from the Myanmar plant. Exports made up 55.0% of group revenue compared to 54.5% previously.

Group profit before tax ("PBT") rose 14.9% to RM8.54 million from RM7.44 million previously attributed to new contribution from Myanmar plant, which offset rising raw material costs due to higher global crude oil prices. Excluding share of results of an associate of RM0.02 million, core PBT recorded 20.3% increase to RM8.52 million compared to RM7.08 million in the previous corresponding quarter.

Daibochi's Myanmar plant, under Daibochi Packaging (Myanmar) Company Limited, recorded RM10.74 million and RM1.51 million in revenue and PBT respectively. There were no comparable data in the previous corresponding quarter as Daibochi Myanmar commenced operations on 1 July 2017.

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 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:

GROUP	1Q 2018 RM '000	4Q 2017 RM '000	Change %
Revenue	104,741	105,661	-0.9%
Operating profit	9,381	11,294	-16.9%
Profit before tax	8,542	11,178	-23.6%
Profit after tax	7,081	8,498	-16.7%
Profit attributable to owners of the Company	6,476	7,904	-18.1%
MYANMAR PLANT ("Daibochi Myanmar")			
Revenue	10,740	8,475	26.7%
Profit before tax	1,513	1,713	-11.7%

For the three months ended March 31, 2018, group revenue was largely unchanged at RM104.74 million compared to RM105.66 million in the preceding quarter despite lower export sales, particularly to the Australia and New Zealand (“ANZ”) region. Exports as a percentage of group revenue stood at 55.0% compared to 55.5% in the preceding quarter.

Group PBT dipped 23.6% to RM8.54 million from RM11.18 million in the preceding quarter. Excluding share of results of an associate of RM0.02 million, core PBT decreased 18.1% to RM8.52 million compared to RM10.40 million in the preceding quarter mainly due to rising major raw material costs, particularly for solvent and polyester film, partially mitigated by continued improvements in wastage control.

Daibochi Myanmar recorded 26.7% higher revenue of RM10.74 million compared to RM8.48 million in the preceding quarter in line with our strategic direction to grow sales in the Myanmar plant through exports to cost sensitive customers. Such exports grew 62.8% quarter-on-quarter to RM2.67 million from RM1.64 million.

Despite the higher revenue, Daibochi Myanmar's PBT decreased to RM1.51 million from RM1.71 million in the preceding quarter mainly attributable to higher prices of key raw materials, more exports to cost-sensitive customers, as well as the strengthening of Ringgit Malaysia against Myanmar Kyat in the current quarter.

During the current quarter under review, Daibochi Myanmar's operational cost remained relatively unchanged, in line with its strategy to capitalise on its low manufacturing cost advantage to secure new customers in Myanmar and the region.

B3 Prospects

Daibochi expects to deliver strong performance in the current financial year ending December 31, 2018 (FY2018), driven by the commencement of new export contracts at the Malaysia plant and growing contributions from the Myanmar plant.

Daibochi Malaysia commenced exports of flexible packaging to a multinational corporation (“MNC”) for its fast moving consumer goods brand in the ANZ region in early April. Shipments to the customer is expected to increase in the second quarter ending June 30, 2018.

Additionally, the Malaysia plant received a new flexographic printer which arrived in March 2018 to increase its production capacity. This supports the Group's plans to secure more export contracts in the SEA and ANZ region.

In Myanmar, the Group would continue to expand its clientele, as well as leverage on the country's low-cost manufacturing base and geographical advantage to target cost-sensitive customers in the SEA region.

Daibochi Myanmar also expects the expansion of its existing factory to complete in end-2018, and incur USD2 million capital expenditure to acquire necessary machinery to support its growth plans to emerge as a prominent regional flexible packaging player.

Operationally, the Group is conscious of the challenges of fluctuating key raw material prices and foreign exchange rates, and strives to alleviate cost pressures by improving operating processes and investing in new machinery. Furthermore, a major portion of the Group's raw materials cost are denominated in U.S. Dollar (USD), which serves as a natural hedge to fluctuations in the exchange rate between the Malaysia Ringgit and USD.

Overall, the Group is confident that our growth strategies would strengthen our position in the domestic and regional markets in order to deliver strong growth in FY2018 and beyond.

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	
	31.03.2018	31.03.2017
	RM'000	RM'000
Interest income	(45)	(65)
Other operating income	(880)	(744)
Loss/(gain) on disposal of property, plant and equipment	131	(25)
Interest expense	862	688
Depreciation of property, plant and equipment	3,423	3,371
Inventories write-down -net	2,169	1,502
Foreign exchange gain	(666)	(161)
Foreign exchange loss/(gain) on derivatives	6	(33)

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	
	31.03.2018	31.03.2017
	RM'000	RM'000
Current:		
- Malaysian Tax	999	1,695
- Foreign Tax	48	57
	<u>1,047</u>	<u>1,752</u>
Deferred tax:		
- Current	414	(85)
	<u>1,461</u>	<u>1,667</u>

The effective tax rate for the financial quarter ended March 31, 2018 was lower than the statutory tax rate mainly due to availability of tax incentives.

B7 Status of Corporate Proposals

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

B8 Trade and other receivables

	31.03.2018	31.03.2017
	RM'000	RM'000
Trade receivables	60,877	52,983
Other receivables	3,114	3,522
Prepayments	8,388	748
Deposits	285	431
	<u>72,664</u>	<u>57,684</u>

The Group grant credit on various terms. Trade receivables disclosed above include amounts which are past due at the end of the reporting period but against which the Group has not recognised an allowance for impairment receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Analysis of trade receivables as of the end of the reporting period was:

	31.03.2018 RM'000	31.03.2017 RM'000
Neither past due nor impaired	58,355	46,656
Past due but not impaired:	2,522	6,327
1 month	528	5,155
2 months	1,754	533
3 months	137	365
More than 3 months	103	274
	<u>60,877</u>	<u>52,983</u>
Trade receivables	<u>60,877</u>	<u>52,983</u>

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. None of the terms for the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial period.

B9 Group Borrowings

Details of the Group's borrowings as at the financial quarter were as follows:-

	As at 1 st quarter ended 31.03.2018					
	Long term		Short term		Total	
	Foreign Currency '000	RM '000	Foreign Currency '000	RM '000	Foreign Currency '000	RM '000
Secured:						
Finance lease liabilities in Ringgit Malaysia		1,199		2,451		3,650
Unsecured:						
Term loan in Ringgit Malaysia		8,923		5,705		14,628
Term loan in United States Dollar	2,903	11,216	2,250	8,692	5,153	19,908
Bankers' acceptances in Ringgit Malaysia		-		16,949		16,949
Bankers' acceptances in United States Dollar		-	4,495	17,366	4,495	17,366
		<u>21,338</u>		<u>51,163</u>		<u>72,501</u>

	As at 1 st quarter ended 31.03.2017					
	Long term		Short term		Total	
	Foreign Currency '000	RM '000	Foreign Currency '000	RM '000	Foreign Currency '000	RM '000
Secured:						
Finance lease liabilities in Ringgit Malaysia		3,648		2,869		6,517
Unsecured:						
Term loan in Ringgit Malaysia		7,940		4,301		12,241
Bankers' acceptances in Ringgit Malaysia		-		20,412		20,412
Bankers' acceptances in United States Dollar		-	2,321	10,264	2,321	10,264
		<u>11,588</u>		<u>37,846</u>		<u>49,434</u>

For the three months ended March 31, 2018, the Group's borrowings increased to RM72.50 million compared to RM49.43 million in the corresponding period in the previous year. The increase was mainly due to term loans drawn down of USD6.65 million in July 2017 and RM6.64 million in March 2018 respectively from financial institutions. These loans were to finance its investment in a newly incorporated subsidiary, Daibochi Packaging (Myanmar) Company Limited and acquisition of one unit 8 colour printing machine.

B10 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, 2018, there were no outstanding derivatives.

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.

B11 Material litigation

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

B12 Dividends

The Board is pleased to declare a single interim single tier dividend of 1.05 sen for the financial year ending December 31, 2018 and the said dividend will be paid on June 28, 2018 to shareholders whose names appear on the Company's Record of Depositors on May 31, 2018.

B13 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	
	31.03.2018	31.03.2017
Profit attributable to owners of the Company (RM'000)	6,476	5,768
Weighted average number of ordinary shares in issue ('000):		
Issued ordinary shares as of January 1	327,895	327,895
Effect of treasury shares held	(25)	(551)
Effect of exercise of warrants	2	-
Weighted average number of ordinary shares as of March 31	327,872	327,344
Basic earnings per share (sen)	1.98	1.76

For comparative purpose, the basic earnings per share for the quarter/ period ended March 31, 2017 had been adjusted to reflect the bonus issue of 2 for every 10 ordinary shares held by the entitled shareholders, which was completed on June 28, 2017.

Diluted earnings per ordinary share are not presented as the warrants are anti-dilutive where the average market price of ordinary shares during the period does not exceed the exercise price of the warrants.

By Order of the Board

Ms TAN GAIK HONG, MIA 4621
Secretary
Melaka
Dated: May 14, 2018
c.c. Securities Commission