

**DAIBOCHI BERHAD (12994 - W)**  
**(formerly known as DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD)**  
**UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER**  
**ENDED MARCH 31, 2019**

The Board of Directors is pleased to submit its quarterly report on the consolidated results of the Group for the fifth quarter ended March 31, 2019. The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	3 Months ended		15 Months ended	
	Current Year Quarter 31.03.2019 RM'000	Preceding Year Quarter 31.03.2018 RM'000	Current Year To Date 31.03.2019 RM'000	Preceding Year To Date 31.03.2018 RM'000
<b>Revenue</b>	<b>110,821</b>	<b>-</b>	<b>541,577</b>	<b>-</b>
<b>Operating profit</b>	<b>3,287</b>	<b>-</b>	<b>26,719</b>	<b>-</b>
Finance costs	(998)	-	(4,854)	-
Share of results of equity-accounted associate	91	-	1,137	-
<b>Profit before tax</b>	<b>2,380</b>	<b>-</b>	<b>23,002</b>	<b>-</b>
Income tax expense	(226)	-	(4,001)	-
<b>Profit for the financial period</b>	<b>2,154</b>	<b>-</b>	<b>19,001</b>	<b>-</b>
<b>Other comprehensive income for the financial period, net of income tax</b>				
<b>Item that will be reclassified subsequently to profit or loss:</b>				
Exchange differences arising on translation of foreign operations	(91)	-	(6,453)	-
<b>Total comprehensive income for the financial period, net of income tax</b>	<b>2,063</b>	<b>-</b>	<b>12,548</b>	<b>-</b>
<b>Profit attributable to:</b>				
Owners of the Company	1,546	-	16,787	-
Non-controlling interests	608	-	2,214	-
	<b>2,154</b>	<b>-</b>	<b>19,001</b>	<b>-</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	1,454	-	12,588	-
Non-controlling interests	609	-	(40)	-
	<b>2,063</b>	<b>-</b>	<b>12,548</b>	<b>-</b>
<b>Earnings per ordinary share</b>				
<b>attributable to owners of the Company</b>				
- Basic (sen)	0.47	-	5.13	-

Notes:

- i) The financial year end of the Group has been changed from December 31 to July 31. The next set of audited financial statements shall be for a period of nineteen (19) months from January 1, 2018 to July 31, 2019. As such, there will be no comparative financial information available for the financial period ended March 31, 2019.
- ii) The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended December 31, 2017 and the accompanying explanatory notes attached to the interim financial statements.

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ENDED MARCH 31, 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As Of 31.03.2019 RM'000	Audited As Of 31.12.2017 RM'000	As Of 01.01.2017 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	133,174	138,088	141,218
Investment in an associate	18,360	19,363	20,245
Goodwill	31,753	35,137	-
Deferred tax assets	111	117	119
<b>Total non-current assets</b>	<b>183,398</b>	<b>192,705</b>	<b>161,582</b>
<b>Current assets</b>			
Inventories	93,873	86,537	72,554
Trade and other receivables	64,316	67,766	57,783
Tax recoverable	463	805	627
Derivative financial assets	-	6	21
Short-term deposits, cash and bank balances	18,123	18,306	15,829
	<b>176,775</b>	<b>173,420</b>	<b>146,814</b>
Asset classified as held for sale	972	-	-
<b>Total current assets</b>	<b>177,747</b>	<b>173,420</b>	<b>146,814</b>
<b>Total assets</b>	<b>361,145</b>	<b>366,125</b>	<b>308,396</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	164,176	164,163	136,623
Treasury shares	(1,145)	(508)	(2,354)
Reserves	34,547	37,193	54,902
Equity attributable to owners of the Company	197,578	200,848	189,171
Non-controlling interests	22,954	21,054	-
<b>Total equity</b>	<b>220,532</b>	<b>221,902</b>	<b>189,171</b>
<b>Non-current liabilities</b>			
Trade and other payables	-	664	508
Borrowings	8,989	20,128	13,417
Deferred tax liabilities	13,584	13,016	12,860
<b>Total non-current liabilities</b>	<b>22,573</b>	<b>33,808</b>	<b>26,785</b>
<b>Current liabilities</b>			
Trade and other payables	56,101	57,912	51,297
Derivative financial liabilities	18	-	570
Borrowings	60,284	49,747	40,573
Tax payable	-	2,756	-
Dividends payable	1,637	-	-
<b>Total current liabilities</b>	<b>118,040</b>	<b>110,415</b>	<b>92,440</b>
<b>Total liabilities</b>	<b>140,613</b>	<b>144,223</b>	<b>119,225</b>
<b>Total equity and liabilities</b>	<b>361,145</b>	<b>366,125</b>	<b>308,396</b>

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

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Attributable to Owners of The Company - Non-Distributable Reserves -			Distributable	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
				Translation Reserve RM'000	Warrants Reserve RM'000	Discount on Shares RM'000	Retained Earnings RM'000			
<b>Balance as of January 1, 2018</b>	<b>164,163</b>	<b>(508)</b>	<b>-</b>	<b>(1,472)</b>	<b>9,837</b>	<b>(9,837)</b>	<b>38,665</b>	<b>200,848</b>	<b>21,054</b>	<b>221,902</b>
Total comprehensive income for the financial period	-	-	-	(4,199)	-	-	16,787	12,588	(40)	12,548
<b>Transactions with owners :</b>										
Dividends to owners of the Company	-	-	-	-	-	-	(15,234)	(15,234)	-	(15,234)
Dividends to non-controlling shareholder	-	-	-	-	-	-	-	-	(18)	(18)
Exercise of warrants	9	-	-	-	(1)	1	-	9	-	9
Share buy-back	-	(1,145)	-	-	-	-	-	(1,145)	-	(1,145)
Disposal of treasury shares	4	508	-	-	-	-	-	512	-	512
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	1,958	1,958
Total transactions with owners	13	(637)	-	-	(1)	1	(15,234)	(15,858)	1,940	(13,918)
<b>Balance as of March 31, 2019</b>	<b>164,176</b>	<b>(1,145)</b>	<b>-</b>	<b>(5,671)</b>	<b>9,836</b>	<b>(9,836)</b>	<b>40,218</b>	<b>197,578</b>	<b>22,954</b>	<b>220,532</b>

Notes:

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- ii) The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended December 31, 2017 and the accompanying explanatory notes attached to the interim financial statements.

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**ENDED MARCH 31, 2019**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>15 Months ended</b>	15 Months ended
	<b>31.03.2019</b>	31.03.2018
	<b>RM'000</b>	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers and other receivables	544,808	-
Cash paid to suppliers, employees and other payables	<u>(508,787)</u>	-
Cash generated from operations	36,021	-
Interest received	47	-
Interest paid	(3,403)	-
Tax paid	<u>(4,342)</u>	-
Net Cash From Operating Activities	<u>28,323</u>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	81	-
Dividend income from an associate	2,140	-
Purchase of property, plant and equipment, net of finance leases drawdown	<u>(15,822)</u>	-
Proceeds from disposal of property, plant and equipment	992	-
Net Cash Used In Investing Activities	<u>(12,609)</u>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share buy-back	(1,145)	-
Proceeds from disposal of treasury shares	512	-
Issuance of share capital to non-controlling interests of a subsidiary	1,958	-
Proceeds from issuance of ordinary shares	9	-
Drawdown of term loans	6,644	-
Repayment of term loans	(18,214)	-
Dividends paid to owners of the Company	(13,597)	-
Dividends paid to non-controlling shareholders	(18)	-
Interest paid	(1,451)	-
Proceeds from short-term borrowings (net)	13,768	-
Repayment of finance leases	<u>(3,218)</u>	-
Net Cash Used in Financing Activities	<u>(14,752)</u>	-
<b>Net increase in cash and cash equivalents</b>	<b>962</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>18,296</b>	<b>-</b>
Effect of exchange differences	(1,135)	-
<b>Cash and cash equivalents at end of financial period</b>	<b><u>18,123</u></b>	<b><u>-</u></b>
<b>Cash and cash equivalents at end of financial period consist of:-</b>		
Short-term deposits with licensed banks	3,000	-
Cash and bank balances	<u>15,123</u>	-
	<u><b>18,123</b></u>	<u><b>-</b></u>

Notes:

- i) The financial year end of the Group has been changed from December 31 to July 31. The next set of audited financial statements shall be for a period of nineteen (19) months from January 1, 2018 to July 31, 2019. As such, there will be no comparative financial information available for the financial period ended March 31, 2019.
- ii) The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements 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. Due to the change in the financial year end of the Group from December 31, 2018 to July 31, 2019, the financial statements of the Group for the financial year ending July 31, 2019 is the first set of financial statements to be prepared 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:

<b>MFRSs, IC Interpretation and amendments to MFRSs</b>		<b>Effective date</b>
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 except for:

**MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)**

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

### Classification and measurement

The classification and measurement requirements of MFRS 9 did not have a significant impact on the financial statements of the Group. The following is the change in the classification of the Group's financial assets:

Trade and other receivables, deposits, amount receivable from subsidiaries, cash and bank balances that were previously classified as loans and receivables are now classified and measured as financial instruments at amortised cost. The Group intend to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

There are no changes in classification and measurement for the Group's financial liabilities.

### Impairment

The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime ECLs. The Group uses its historical experience, external indicators and forward-looking information to calculate the ECLs using a provision matrix.

The adoption of new impairment model under MFRS 9 did not have a significant impact on the financial statements of the Group.

### **MFRS 15 Revenue from Contracts with Customers**

MFRS 15 supercedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The adoption of MFRS 15 did not have material 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**

There was no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

**A7 Dividend Paid**

The amount of dividends paid by the Company since December 31, 2017 were as follows:

	<b>RM'000</b>
Fourth interim single tier dividend paid for the financial year 2017: 1.30 sen per ordinary share paid on March 21, 2018.	<b>4,263</b>
First interim single tier dividend paid for the financial year 2019: 1.05 sen per ordinary share paid on June 28, 2018.	<b>3,441</b>
Second interim single tier dividend paid for the financial year 2019: 0.80 sen per ordinary share paid on September 27, 2018.	<b>2,619</b>
Third interim single tier dividend paid for the financial year 2019: 1.00 sen per ordinary share paid on December 21, 2018	<b>3,274</b>
	<hr/>
	<b>13,597</b>
	<b>=====</b>

A fourth interim dividend of 0.50 sen per ordinary share amounting to approximately RM1,637,000 in respect of financial year 2019 was declared on February 22, 2019 and paid on April 26, 2019.

**A8 Related party transactions**

The Group's significant related party transactions during the financial period ended March 31, 2019 were as follows:

	<b>3 months ended</b>		<b>15 months ended</b>	
	<b>31.03.2019</b>	31.03.2018	<b>31.03.2019</b>	31.03.2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Purchase of goods from related companies	<b>2,099</b>	-	<b>2,099</b>	-
Outsourcing charges from a related company	<b>25</b>	-	<b>25</b>	-
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

Related companies refer to subsidiaries of holding company, Scientex Berhad.

**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, 2019 were as follows: -

	<b>RM'000</b>
Property, plant and equipment	
- Authorised and contracted for	<b>12,493</b>
- Authorised but not contracted for	<b>10,048</b>
	<b>=====</b>

## **A11 Subsequent event**

There were no material events subsequent to the end of the current financial quarter that have not been reflected in the financial statements for the said period as at the date of this report, except for the following and as disclosed in the Note B7.

On November 14, 2018, the Company announced that the Board had received a letter from certain shareholders of the Company ("Vendors") informing the Board that the Vendors had entered into a heads of agreement with Scientex Berhad ("Scientex") for the proposed disposal of 139,062,766 ordinary shares in the Company ("Sale Shares"), representing 42.41% of the total number of issued shares in the Company (inclusive treasury shares) to Scientex ("Proposed Disposal").

Subsequently, on December 10, 2018, the Vendors entered into a conditional share sale agreement ("CSSA") with Scientex for the Proposed Disposal. The total consideration for the Proposed Disposal is RM222,500,425.60 (equivalent to RM1.60 per Sale Share) which shall be satisfied by a share exchange through the issuance of 1 new Scientex share for every 5.5 ordinary shares in the Company held by the Vendors, subject to any adjustments pursuant to paragraph 6.03(1) of the Rules on Take-Over, Mergers and Compulsory Acquisitions.

On February 11, 2019, the CSSA became unconditional. Scientex subsequently served a notice of conditional mandatory take-over offer ("MGO") to the Company to acquire all the remaining shares and warrants not already owned by Scientex. The share exchange in accordance with the CSSA was completed on February 19, 2019, resulting in Scientex holding 42.48% (exclusive treasury shares) stake in the Company.

On March 18, 2019, Scientex had fulfilled the acceptance condition by receiving a total of 52.54% voting shares in the Company. Hence, the MGO had become unconditional.

On April 1, 2019, the Company announced that the Company had received a press notice from RHB Investment Bank Berhad, on behalf of Scientex, informing that the MGO has closed, with acceptances level of 61.89% or equivalent to 202,587,460 shares and 4.24% or equivalent to 1,158,967 warrants, respectively.

## **A12 Changes in the Composition of the Group**

On December 18, 2018, the Company's wholly owned dormant subsidiary, Daibochi New Zealand Ltd. ("DNZ") has ceased to carry on business, discharged in full its liabilities to all its known creditors, and has distributed its surplus assets in accordance with its Constitution and New Zealand Companies Act 1993.

DNZ had on February 7, 2019, filed an application for striking off the company from the register with New Zealand Companies Office. DNZ had been officially removed from the register on March 29, 2019.

There were no other changes in the composition of the Group including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring and discontinuing operations as of March 31, 2019.

## **A13 Change of Financial Year End**

On April 29, 2019, the Board approved the change of financial year end of the Company from 31 December to 31 July to coincide with the financial year of its holding company, Scientex Berhad. Therefore, the new financial period commences from January 1, 2018 to July 31, 2019, covering a period of nineteen (19) months. Thereafter, the financial year of the Company shall revert to twelve (12) months ending 31 July, for each subsequent year.



**A14 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.

The Group's financial performance from continuing operations by geographical location for the three months and fifteen months ended are as follows:

	Malaysia RM'000	Australia RM'000	New Zealand RM'000	MALAYSIA PLANT RM'000	MYANMAR PLANT RM'000	Total RM'000	Elimination RM'000	Group RM'000
<b>3 months quarter ended March 31, 2019</b>								
<b>Revenue</b>								
-external	83,116	17,651	-	100,767	10,054	110,821	-	110,821
-internal	17,161	-	-	17,161	-	17,161	(17,161)	-
	<u>100,277</u>	<u>17,651</u>	<u>-</u>	<u>117,928</u>	<u>10,054</u>	<u>127,982</u>	<u>(17,161)</u>	<u>110,821</u>
Profit by geographical location	<u>996</u>	<u>(145)</u>	<u>-</u>	<u>851</u>	<u>1,534</u>	<u>2,385</u>	<u>(96)</u>	<u>2,289</u>
Share of results of equity-accounted associate								<u>91</u>
<b>Profit before tax</b>								<u><u>2,380</u></u>
<b>15 months quarter ended March 31, 2019</b>								
<b>Revenue</b>								
-external	404,417	94,903	1,241	500,561	41,016	541,577	-	541,577
-internal	91,055	-	-	91,055	3,880	94,935	(94,935)	-
	<u>495,472</u>	<u>94,903</u>	<u>1,241</u>	<u>591,616</u>	<u>44,896</u>	<u>636,512</u>	<u>(94,935)</u>	<u>541,577</u>
Profit by geographical location	<u>14,606</u>	<u>1,073</u>	<u>1</u>	<u>15,680</u>	<u>5,645</u>	<u>21,325</u>	<u>540</u>	<u>21,865</u>
Share of results of equity-accounted associate								<u>1,137</u>
<b>Profit before tax</b>								<u><u>23,002</u></u>

Note: Due to the change in the financial year end as stated in Note A13, no comparable figures are presented.

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

### B1 Review of Performance

Due to the change in the financial year end as stated in Note A13, no comparable figures are presented.

The Group's performance for the current quarter and fifteen months ended March 31, 2019 is as tabled below:

	<b>Q5 2019</b>	<b>15 months 2019</b>
<b>GROUP</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	110,821	541,577
Operating profit	3,287	26,719
Profit before tax ("PBT")	2,380	23,002
Profit after tax	2,154	19,001
Profit attributable to owners of the Company	1,546	16,787

#### QUARTER REVIEW

For the current quarter ended March 31, 2019, the Group recorded revenue of RM110.82 million with exports making up 50.2% of group revenue. Revenue contribution from the Malaysia and Myanmar plants stood at RM100.77 million and RM10.05 million respectively.

The Group recorded PBT of RM2.38million for the quarter under review. Profitability was impacted by a write-down on certain inventories, amounting to RM2.72 million.

#### FIFTEEN MONTHS REVIEW

The Group registered revenue of RM541.58 million for the fifteen months ended March 31, 2019, with exports making up 54.6% of group revenue. Revenue contribution from the Malaysia and Myanmar plants stood at RM500.56 million and RM41.02 million respectively.

The Group recorded PBT of RM23.00 million for the fifteen months ended March 31, 2019, after including a one-off merger & acquisition ("M&A") related transaction costs of RM4.86 million, foreign currency exchange loss of RM3.15 million and a write-down on certain inventories.

**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	Q5 2019	Q4 2019	Change
	RM'000	RM'000	%
Revenue	110,821	110,452	0.3%
Operating profit/(loss)	3,287	(363)	1005.5%
PBT	2,380	(600)	496.7%
Profit/(loss) after tax	2,154	(1,114)	293.4%
Profit/(loss) attributable to owners of the Company	1,546	(1,573)	198.3%

For the current quarter ended March 31, 2019, group revenue increased marginally to RM110.82 million from RM110.45 million in the preceding quarter. Exports as a percentage of group revenue stood at 50.2% compared to 52.9% in the preceding quarter. Revenue contribution from the Malaysia plant amounted to RM100.77 million, representing a marginal decrease of 1.1% from RM101.94 million in the preceding quarter.

Group PBT for the current quarter stood at RM2.38 million compared to loss of RM0.60 million in the preceding quarter. The current quarter PBT was impacted by the write down on certain inventories amounting to RM2.72 million, while the PBT for the preceding quarter was affected by the one off M&A related transaction costs of RM4.86 million.

Daibochi Myanmar recorded 18.1% higher revenue of RM10.05 million compared to RM8.51 million in the preceding quarter. The increase was mainly attributable to sales to a major local food and beverage ("F&B") customer. PBT increased in line with the increase in revenue.

**B3 Current financial year prospects**

Daibochi Berhad is effectively a subsidiary of Scientex Berhad (Scientex) as at 1 March 2019. The Group would collaborate with Scientex to develop new and innovative solutions to target growth opportunities in Southeast Asia, including the sustainable packaging segment. This is in line with our strategy to continuously bring sustainable and high-quality solutions to our clientele of major brands and companies in the F&B and fast-moving consumer goods (FMCG) sectors.

Daibochi's Malaysia operations is expected to benefit from continued resilience in domestic and regional demand. Meanwhile, our Myanmar plant is undergoing production trials with two multinational companies, in line with our intention to fulfil flexible plastic packaging requirements of globally reputed players.

Meanwhile, Daibochi would continue to implement measures to mitigate higher operating costs. The Group would also seek to enhance efficiency and lower costs through resource sharing with Scientex in procurement and supply chain activities.

**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		15 months ended	
	31.3.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(28)	-	(128)	-
Other operating income	(567)	-	(3,954)	-
(Gain)/loss on disposal of property, plant and equipment	(30)	-	143	-
Interest expense	998	-	4,854	-
Depreciation of property, plant and equipment	3,632	-	17,636	-
Inventories write-down -net	2,721	-	5,880	-
Foreign exchange loss/(gain)	1	-	3,366	-
Foreign exchange (gain)/loss on derivatives	(120)	-	(213)	-

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		15 months ended	
	31.3.20.19	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Current:				
- Malaysian Tax	254	-	3,327	-
- Foreign Tax	-	-	378	-
- Over provision in prior year	-	-	(267)	-
	<u>254</u>	<u>-</u>	<u>3,438</u>	<u>-</u>
Deferred tax:				
- Current	(28)	-	545	-
- Under provision in prior year	-	-	18	-
	<u>226</u>	<u>-</u>	<u>4,001</u>	<u>-</u>

The effective tax rate for the current quarter ended March 31, 2019 was lower than the statutory tax rate mainly due to income tax exemption granted to an overseas subsidiary.

**B7 Status of Corporate Proposals**

On May 3, 2019, the Company announced that it had entered into a conditional sale and purchase agreement ("SPA") with Tan Chai Koon, Chong Choi Chun, Ng Yuk Ming, Proshin Enterprise Sdn Bhd, Phang Chak Thong, Ng Pey Ching and Lee Chee Keong for the acquisition of 4,500,000 ordinary shares representing the entire equity interest in Mega Printing & Packaging Sdn Bhd ("MPP"), for a total indicative purchase consideration of RM125,000,000 to be satisfied entirely in cash, subject to the terms and conditions contained in the SPA.

Upon completion of the Proposed Acquisition, MPP will become a wholly-owned subsidiary of the company.

Barring any unforeseen circumstances and subject to the fulfilment of all the conditions precedents as set out in the SPA, the proposed acquisition is expected to be completed by the third quarter of 2019.

**B8 Group Borrowings**

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

	<b>Long term</b>		<b>As of 31.03.2019</b>		<b>Total</b>	
	Foreign		Short term		Foreign	
	Currency	RM	Currency	RM	Currency	RM
	'000	'000	'000	'000	'000	'000
<b>Secured:</b>						
Finance lease liabilities in Ringgit Malaysia	-	658	-	931	-	1,589
<b>Unsecured:</b>						
Term loan in Ringgit Malaysia	-	5,667	-	3,236	-	8,903
Term loan in United States Dollar	653	2,664	2,250	9,174	2,903	11,838
Bankers' acceptances in Ringgit Malaysia	-	-	-	21,887	-	21,887
Bankers' acceptances in Australian Dollar	-	-	859	2,481	859	2,481
Bankers' acceptances in United States Dollar	-	-	5,536	22,575	5,536	22,575
		<u>8,989</u>		<u>60,284</u>		<u>69,273</u>

	<b>Long term</b>		<b>As of 31.03.2018</b>		<b>Total</b>	
	Foreign		Short term		Foreign	
	Currency	RM	Currency	RM	Currency	RM
	'000	'000	'000	'000	'000	'000
<b>Secured:</b>						
Finance lease liabilities in Ringgit Malaysia	-	1,199	-	2,451	-	3,650
<b>Unsecured:</b>						
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>

**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, 2019, the Group has the following outstanding derivatives:-

	<b>Principal or Notional Amount RM'000</b>	<b>Fair Value RM'000</b>	<b>Net loss RM'000</b>
Foreign currency forward contracts:-			
Less than 1 year	2,566	2,584	<u>18</u>

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 material litigation as of the date of this quarterly report.

**B11 Dividends**

The Board of Directors does not recommend any dividend for the current financial quarter under review.

**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.

	<b>3 months ended</b>		<b>15 months ended</b>	
	<b>31.03.2019</b>	31.03.2018	<b>31.03.2019</b>	31.03.2018
Profit attributable to owners of the Company (RM'000)	<u>1,546</u>	-	<u>16,787</u>	-
Weighted average number of ordinary shares as of March 31	<u>327,348</u>	-	<u>327,539</u>	-
Basic earnings per share (sen)	<u>0.47</u>	-	<u>5.13</u>	-

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. TUNG WEI YEN, MAICSA 7062671  
 Ms. GEETHARANI A/P RANGGANATHAN, MAICSA 7070549  
 Secretaries  
 Selangor  
 Dated: May 14, 2019