

**DAIBOCHI BERHAD**  
 (Company No: 197201001354 [12994-W])  
 (Incorporated in Malaysia)

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended 31 October 2021  
 The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**For the three months ended 31 October 2021**

	3 MONTHS ENDED	
	Current year quarter  31.10.2021 RM'000	Preceding year corresponding quarter  31.10.2020 RM'000
<b>Revenue</b>	<b>180,315</b>	<b>156,678</b>
<b>Operating profit</b>	<b>9,538</b>	<b>17,617</b>
Interest expense	(480)	(434)
<b>Profit before tax</b>	<b>9,058</b>	<b>17,183</b>
Taxation	407	(4,351)
<b>Profit for the quarter / period</b>	<b>9,465</b>	<b>12,832</b>
<b>Profit attributable to:</b>		
Owners of the Company	9,800	12,788
Non-controlling interests	(335)	44
<b>Profit for the quarter / period</b>	<b>9,465</b>	<b>12,832</b>
Earnings per share attributable to owners of the Company (sen per share)		
- Basic	2.99	3.91
- Diluted	N/A	3.88

*(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)*

## DAIBOCHI BERHAD

(Company No: 197201001354 [12994-W])  
(Incorporated in Malaysia)

### QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 October 2021  
The figures have not been audited.

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the three months ended 31 October 2021

	3 MONTHS ENDED	
	Current year quarter  31.10.2021 RM'000	Preceding year corresponding quarter  31.10.2020 RM'000
<b>Profit for the quarter / period</b>	<b>9,465</b>	<b>12,832</b>
<b>Other comprehensive (loss)/income, net of income tax:</b> Items that may be reclassified subsequently to profit or loss:		
- Foreign currency translation of foreign operations	(3,107)	1,612
Other comprehensive (loss)/income for the quarter / period, net of income tax	(3,107)	1,612
<b>Total comprehensive income for the quarter / period, net of income tax</b>	<b>6,358</b>	<b>14,444</b>
<b>Total comprehensive income for the quarter / period attributable to:</b>		
Owners of the Company	7,946	13,565
Non-controlling interests	(1,588)	879
	<b>6,358</b>	<b>14,444</b>

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)*

**DAIBOCHI BERHAD**

(Company No: 197201001354 [12994-W])

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 October 2021

	<b>AS AT CURRENT FINANCIAL QUARTER ENDED 31.10.2021 RM'000 (Unaudited)</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2021 RM'000 (Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	239,251	231,885
Right-of-use assets	2,493	2,747
Deferred tax assets	354	355
Goodwill	68,209	69,940
	<b>310,307</b>	<b>304,927</b>
<b>Current assets</b>		
Inventories	87,441	80,138
Trade and other receivables	158,209	108,445
Tax recoverable	9,069	6,017
Cash and bank balances	15,283	24,603
	<b>270,002</b>	<b>219,203</b>
<b>TOTAL ASSETS</b>	<b>580,309</b>	<b>524,130</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	163,090	163,090
Reserves	122,076	114,130
Equity attributable to owners of the Company	<b>285,166</b>	<b>277,220</b>
Non-controlling interests	18,408	19,996
<b>Total equity</b>	<b>303,574</b>	<b>297,216</b>
<b>Non-current liabilities</b>		
Borrowings	596	951
Lease liabilities	2,235	2,481
Deferred tax liabilities	24,925	25,702
	<b>27,756</b>	<b>29,134</b>
<b>Current liabilities</b>		
Borrowings	97,933	77,739
Lease liabilities	3,037	3,091
Trade and other payables	146,633	115,827
Tax liabilities	1,376	1,123
	<b>248,979</b>	<b>197,780</b>
<b>Total liabilities</b>	<b>276,735</b>	<b>226,914</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>580,309</b>	<b>524,130</b>
Net assets per share attributable to owners of the Company (RM)	<b>0.87</b>	0.85

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)*

# DAIBOCHI BERHAD

(Company No: 197201001354 [12994-W])

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 October 2021

	Share capital RM'000	Treasury shares RM'000	Reserves		Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
			Revaluation reserve RM'000	Translation reserves RM'000				
As at 1 August 2021	164,235	(1,145)	7,468	(5,597)	112,259	277,220	19,996	297,216
Profit for the period	-	-	-	-	9,800	9,800	(335)	9,465
Other comprehensive loss for the period	-	-	-	(1,854)	-	(1,854)	(1,253)	(3,107)
Total comprehensive income for the period	-	-	-	(1,854)	9,800	7,946	(1,588)	6,358
As at 31 October 2021	164,235	(1,145)	7,468	(7,451)	122,059	285,166	18,408	303,574
As at 1 August 2020	164,176	(1,145)	7,468	694	81,599	252,792	24,908	277,700
Profit for the period	-	-	-	-	12,788	12,788	44	12,832
Other comprehensive income for the period	-	-	-	777	-	777	835	1,612
Total comprehensive income for the period	-	-	-	777	12,788	13,565	879	14,444
Exercise of warrants	4	-	-	-	-	4	-	4
As at 31 October 2020	164,180	(1,145)	7,468	1,471	94,387	266,361	25,787	292,148

*(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)*

**DAIBOCHI BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the three months ended 31 October 2021**

	<b>3 MONTHS ENDED 31.10.2021 RM'000</b>	<b>3 MONTHS ENDED 31.10.2020 RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before taxation	9,058	17,183
Adjustments	5,746	6,703
Operating profit before working capital changes	<u>14,804</u>	<u>23,886</u>
Movement in working capital:		
(Increase)/decrease in inventories	(7,853)	12,574
Increase in receivables	(35,025)	(6,800)
Increase/(decrease) in payables	<u>30,498</u>	<u>(370)</u>
<b>Cash generated from operations</b>	<u>2,424</u>	<u>29,290</u>
Interest received	2	2
Taxation paid	<u>(3,194)</u>	<u>(3,054)</u>
<b>Net cash (used in)/from operating activities</b>	<u>(768)</u>	<u>26,238</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	6	18
Interest received	2	4
Purchase of property, plant and equipment	(11,611)	(5,985)
Deposit paid for purchase of property, plant and equipment	<u>(15,769)</u>	<u>(6,443)</u>
<b>Net cash used in investing activities</b>	<u>(27,372)</u>	<u>(12,406)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Net drawdown/(repayment) of short-term borrowings	20,654	(6,535)
Repayment of term loans	(345)	(636)
Proceeds from exercise of warrants	-	4
Interest paid	(417)	(339)
Interest paid on lease liabilities	(63)	(95)
Repayment of lease liabilities	<u>(186)</u>	<u>(198)</u>
<b>Net cash from/(used in) financing activities</b>	<u>19,643</u>	<u>(7,799)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(8,497)</u>	<u>6,033</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	24,603	28,484
<b>Effect of exchange differences</b>	<u>(823)</u>	<u>184</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>15,283</u>	<u>34,701</u>

*(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)*

**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL QUARTER ENDED 31 OCTOBER 2021**

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1 Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 and Appendix 9B of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2021 which were prepared under Malaysian Financial Reporting Standards (“MFRS”). 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 31 July 2021.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 July 2021, except for the adoption of the following amendments to MFRSs that are effective for the financial statements effective from 1 August 2021, as disclosed below:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021

The adoption of these amendments to MFRSs does not have significant impact on the financial statements of the Group.

**A2 Audit report**

The Group's preceding annual financial statements for the financial year ended 31 July 2021 was not qualified.

**A3 Seasonal or cyclical factors**

The business operations of the Group for the current financial quarter under review were not materially affected by any seasonal or cyclical factors.

**A4 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no material items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current financial quarter under review.

**A5 Material changes in estimates**

There were no changes in estimates of amounts reported in prior interim periods that have a material effect in the current financial quarter under review.

**A6 Changes in debts and equity securities**

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter under review.

As at 31 October 2021, the total number of issued shares of the Company was 327,922,319 ordinary shares, out of which 550,100 ordinary shares were held as treasury shares. The total number of unexercised warrants was 27,296,952.

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**A7 Dividends paid**

There was no dividend paid by the Company in the current financial year-to-date ended 31 October 2021.

**A8 Segment information**

The Group did not present operating segment analysis as the business of the Group focuses solely in manufacturing and marketing of flexible plastic packaging materials within their internal reporting system. Accordingly, the chief operating decision makers review the business performance of the Group as a whole.

**A9 Disclosure items**

The following items have been included in arriving at profit before tax:

	3 months ended	
	31.10.2021	31.10.2020
	RM'000	RM'000
(a) Interest income	(4)	(6)
(b) Other income	(912)	(1,063)
(c) Interest expense	417	339
(d) Interest on lease liabilities	63	95
(e) Depreciation of property, plant and equipment	6,049	5,681
(f) Depreciation of right-of-use assets	269	294
(g) Net provision of receivables	-	118
(h) Net provision of inventories	144	228
(i) Gain on disposal of plant and equipment	(6)	(18)
(j) Property, plant and equipment written off	-	168
(k) Net foreign exchange gain	(886)	(212)

In the current financial quarter and current financial year-to-date ended 31 October 2021, there were no:

- Gain or loss on disposal of quoted or unquoted investments;
- Impairment of assets; and
- Any other material items not disclosed above.

**A10 Valuation of property, plant and equipment**

The valuation of property, plant and equipment were brought forward without any amendments from the preceding annual financial statements.

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**A11 Events subsequent to the end of the reporting period**

Save for the disclosure below, there were no material events subsequent to the end of the current financial quarter which have not been reflected in the financial statements for the said period as at the date of this report:

The board of directors of the Company had on 13 September 2021 received a notice of unconditional voluntary take-over offer from UOB Kay Hian Securities (M) Sdn Bhd on behalf of the holding company, Scientex Berhad (“Offeror”), to acquire:

- a) all the remaining 124,784,759 ordinary shares in the Company (“Daibochi Shares”), representing 38.12% of the total issued shares of the Company (excluding treasury shares) not already held by the offeror, as well as such number of new Daibochi Shares that may be issued prior to the closing date of the Offer arising from the exercise of the outstanding Company’s warrants (collectively the “Offer Share(s)”) for a cash offer price of RM2.70 per Offer Share; and
- b) all the remaining 26,137,985 Company’s Warrants (“Offer Warrant(s)”), representing 95.75% of the outstanding warrants not already held by offeror, for a cash offer price of RM0.32 per Offer Warrant.

(Collectively referred to as the “Offer”)

The offer document dated 4 October 2021 has been despatched to the shareholders and warrant holders of the Company on even date. The Offer was opened for acceptances until 25 October 2021 and subsequently extended to 8 November 2021 in accordance with terms and conditions stated in the offer document. The Company’s Independent Adviser, TA Securities Holdings Berhad had issued an Independent Advice Circular to the shareholders and warrant holders of the Company on 14 October 2021. The Offer was closed on 8 November 2021 with the Offeror holding a 71.90% stake in the Company.

**A12 Changes in the composition of the Group**

There were no material changes in the composition of the Group during the current financial quarter under review.

**A13 Contingent liabilities**

There were no contingent liabilities or assets for the Group as at the end of the current financial quarter under review.

**A14 Capital commitments**

As at the end of the current financial quarter under review, the capital commitments not recognised in the financial statements were as follows:

	As at 31.10.2021 RM’000	As at 31.10.2020 RM’000
Approved and contracted for: Purchase of plant and machinery	35,238	31,686



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**A15 Related party transactions**

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 31 October 2021 were as follows:

	3 months ended	
	31.10.2021	31.10.2020
	RM'000	RM'000
<b>Other related companies *</b>		
Sale of goods	15	-
Facilities usage income	819	819
Purchase of goods	59,747	41,764
Services received	30	-
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\* Other related companies refer to subsidiaries and/or associates of holding company, Scientex Berhad.

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS  
OF BURSA MALAYSIA SECURITIES BERHAD  
INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL QUARTER ENDED 31 OCTOBER 2021**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF  
BURSA MALAYSIA SECURITIES BERHAD**

**B1 Review of performance**

	<b>3 MONTHS ENDED</b>		Changes %
	Current year quarter	Preceding year corresponding quarter	
	31.10.2021 RM'000	31.10.2020 RM'000	
Revenue	180,315	156,678	15.1%
Operating profit	9,538	17,617	-45.9%
Profit attributable to owners of the Company	9,800	12,788	-23.4%

Current quarter review

For the current financial quarter ended 31 October 2021, the Group achieved revenue of RM180.32 million, an increase of 15.1% compared to RM156.68 million in the preceding year corresponding quarter, driven by higher sales in both the domestic and export markets. Exports as a percentage to group revenue rose to 47.1% compared to 43.5% in the preceding year corresponding quarter.

Despite the revenue growth, Group operating profit in the current financial quarter dipped 45.9% to RM9.54 million compared to RM17.62 million in the preceding year corresponding quarter. The reduction in operating profit was mainly due to higher raw material prices, freight cost as well as incidental Covid-19 related expenses.

**B2 Variations of the quarterly results as compared to the results of the preceding quarter**

	Current quarter	Preceding quarter	Changes %
	31.10.2021 RM'000	31.7.2021 RM'000	
Revenue	180,315	133,726	34.8%
Profit before tax ("PBT")	9,058	4,628	95.7%
Profit attributable to owners of the Company	9,800	8,887	10.3%

For the three months ended 31 October 2021, the Group's revenue increased to RM180.32 million, driven by higher sales in both the domestic and export markets compared to RM133.73 million in the preceding financial quarter. In the preceding financial quarter, the Group's revenue was impacted by lower demand from local customers as well as the disruption in operations due to Covid-19 related issues.

In line with higher revenue, the Group recognised higher PBT of RM9.06 million compared to RM4.63 million in preceding financial quarter.

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**B3 Current financial year prospects**

The Group remains committed as a trusted provider of sustainable and innovative flexible plastic packaging (FPP) solutions to major domestic and global F&B and FMCG brands, amidst a challenging business landscape. In managing the Covid-19 situation, the Group has coordinated efforts to ensure business continuity, whilst prioritising the safety and wellbeing of its employees and stakeholders. The Group continues to operate under strict standard operating procedures and has achieved a 99% vaccination rate of its entire workforce.

The Group remains focused to develop innovative and sustainable FPP to resonate with market trends and meet brand owners' evolving sustainability requirements.

Global supply chain disruptions such as volatility of supply and raw material prices, container issues and vessel delays impacted the Group's ability to service its customers, resulting in longer lead times. Accordingly, the Group will continue to work closely with its suppliers and customers to mitigate and manage these operational challenges to ensure that its commitment to both domestic and overseas brand owners remain uninterrupted.

The Group's manufacturing operations in Myanmar continues to experience uncertainties due to Myanmar's socioeconomic and political climate amidst the backdrop of Covid-19. In this regard, the Group is continuing to actively monitor and manage its operations prudently to minimise any material adverse impact on its business.

As global economies gradually recover and with the Malaysian economy expected to rebound from the effects of Covid-19, supported by the National Recovery Programme, high vaccination rates and fiscal stimulus measures, the Group remains cautiously optimistic that the current financial year would remain positive, on the back of resilient demand for FPP solutions.

**B4 Variations of actual profit from forecast profit**

This note is not applicable as the Group did not issue and publish any profit forecast for the current financial quarter under review.

**B5 Taxation**

Details of tax credit for the current financial quarter and current financial year-to-date were as follows:

	3 months ended	
	31.10.2021	31.10.2020
	RM'000	RM'000
In respect of current quarter:		
- Income tax	369	4,495
- Deferred tax	(776)	(144)
	(407)	4,351

The Group's effective tax rate for the current financial quarter is lower than the statutory income tax rate mainly due to the utilisation of tax incentive.

**B6 Status of corporate proposals**

There were no material corporate proposals announced and not completed as at the date of this report.

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**B7 Borrowings**

<b>As at 31 October 2021</b>	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b><u>Unsecured:</u></b>			
<b>Denominated in USD</b>			
- Trade financing	-	51,957	51,957
<b>Denominated in AUD</b>			
- Trade financing	-	30,638	30,638
<b>Denominated in RM</b>			
- Term loan	596	1,404	2,000
- Trade financing	-	13,934	13,934
<b>Total</b>	596	97,933	98,529
<b>As at 31 October 2020</b>			
<b><u>Unsecured:</u></b>			
<b>Denominated in USD</b>			
- Trade financing	-	41,915	41,915
<b>Denominated in AUD</b>			
- Trade financing	-	22,922	22,922
<b>Denominated in RM</b>			
- Term loan	2,003	2,177	4,180
<b>Total</b>	2,003	67,014	69,017

**B8 Material litigation**

There was no material litigation involving any member of the Group as at the date of this report.

**B9 Dividend**

In respect of the financial year ending 31 July 2022, the Board of Directors declared a single tier interim dividend of 2.50 sen per ordinary share, payable on 10 January 2022.

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**B10 Earnings per share**

		3 months ended	
		31.10.2021	31.10.2020
(i)	Basic earnings per share		
	Profit attributable to owners of the Company	RM'000	
		9,800	12,788
	Weighted average number of ordinary shares	'000	
		327,372	327,349
	Basic earnings per ordinary share	(sen)	
		2.99	3.91
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(ii)	Diluted earnings per share		
	Profit attributable to owners of the Company	RM'000	
		N/A	12,788
	Weighted average number of ordinary shares	'000	
		N/A	327,349
	Effect of dilution – warrants	'000	
		N/A	2,255
	Adjusted weighted average number of ordinary shares	'000	
		N/A	329,604
	Diluted earnings per share	(sen)	
		N/A	3.88
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Diluted earnings per ordinary share is not presented for the current financial quarter as the warrants are anti-dilutive where the average market price of ordinary shares during the current financial quarter does not exceed the exercise price of the warrants.

By Order of the Board

Tung Wei Yen (MAICSA 7062671)  
Geetharani A/P Ranganathan (MAICSA 7070549)  
Company Secretaries

7 December 2021