

DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD (12994 - W)
UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED SEPTEMBER 30, 2017

The Board of Directors is pleased to submit its quarterly report on the consolidated results of the Group for the third quarter ended September 30, 2017. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 Months ended		9 Months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	102,034	94,066	282,986	280,798
Operating profit	11,189	7,981	26,317	24,914
Finance costs	(766)	(763)	(2,124)	(2,078)
Share of results of equity-accounted associate	59	(37)	377	(154)
Profit before tax	10,482	7,181	24,570	22,682
Income tax expense	(2,710)	(1,178)	(5,985)	(4,095)
Profit for the period	7,772	6,003	18,585	18,587
Other comprehensive income for the period, net of income tax				
Item that will be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(577)	373	(434)	73
Total comprehensive income for the period	7,195	6,376	18,151	18,660
Profit attributable to:				
Owners of the Company	7,215	6,003	18,028	18,587
Non-controlling interests	557	-	557	-
	7,772	6,003	18,585	18,587
Total comprehensive income attributable to:				
Owners of the Company	6,826	6,376	17,782	18,660
Non-controlling interests	369	-	369	-
	7,195	6,376	18,151	18,660
Earnings per ordinary share				
attributable to owners of the Company				
- Basic (sen)	2.20	1.84 *	5.50	5.68 *

* For comparative purpose, the Earnings Per Share for the quarter/ period ended September 30, 2016 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, 2016 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 SEPTEMBER 30, 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As Of 30.09.2017 RM'000	Audited As Of 31.12.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	140,334	141,218
Investment in an associate	20,622	20,245
Intangible assets	36,722	-
Deferred tax assets	121	119
Total non-current assets	197,799	161,582
Current assets		
Inventories	96,129	72,554
Trade and other receivables	62,788	57,783
Tax recoverable	801	627
Derivative financial assets	9	21
Short-term deposits, cash and bank balances	12,316	15,829
Total current assets	172,043	146,814
Total assets	369,842	308,396
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	164,144	136,623
Treasury shares	(1,069)	(2,354)
Reserves	34,873	54,902
Equity attributable to owners of the Company	197,948	189,171
Non-controlling interests	19,711	-
Total equity	217,659	189,171
Non-current liabilities		
Trade and other payables	508	508
Borrowings		
- interest bearing	24,966	13,417
Deferred tax liabilities	12,222	12,860
Total non-current liabilities	37,696	26,785
Current liabilities		
Trade and other payables	48,684	51,297
Derivative financial liabilities	6	570
Borrowings		
- bank overdraft (interest bearing)	2,071	-
- interest bearing	60,085	40,573
Tax payable	3,641	-
Total current liabilities	114,487	92,440
Total liabilities	152,183	119,225
Total equity and liabilities	369,842	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, 2016 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 SEPTEMBER 30, 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Attributable to Owners of The Company</u>						Distributable Reserve Retained Earnings	Total	Non- controlling Interests	Total Equity
	Issued Capital	Treasury Shares	- Non-Distributable Reserves -			Discount on Shares				
			Share Premium	Translation Reserve	Warrants Reserve					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
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	-	-	-	(246)	-	-	18,028	17,782	369	18,151
Transactions with owners :										
Dividends to owners of the Company	-	-	-	-	-	-	(10,486)	(10,486)	-	(10,486)
Bonus shares	27,325	-	(2,950)	-	-	-	(24,375)	-	-	-
Warrants issue	-	-	-	-	9,837	(9,837)	-	-	-	-
Share buy-back	-	(2,890)	-	-	-	-	-	(2,890)	-	(2,890)
Disposal of treasury shares	196	4,175	-	-	-	-	-	4,371	-	4,371
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	19,342	19,342
Total transactions with owners	27,521	1,285	(2,950)	-	9,837	(9,837)	(34,861)	(9,005)	19,342	10,337
Balance as of September 30, 2017	164,144	(1,069)	-	349	9,837	(9,837)	34,524	197,948	19,711	217,659
Balance as of January 1, 2016	113,853	-	3,013	288	-	-	64,320	181,474	-	181,474
Total comprehensive income for the financial period	-	-	-	73	-	-	18,587	18,660	-	18,660
Transactions with owners :										
Dividends to owners of the Company	-	-	-	-	-	-	(11,119)	(11,119)	-	(11,119)
Bonus shares	22,770	-	-	-	-	-	(22,770)	-	-	-
Share issuance expenses	-	-	(117)	-	-	-	-	(117)	-	(117)
Share buy-back	-	(3,093)	-	-	-	-	-	(3,093)	-	(3,093)
Total transactions with owners	22,770	(3,093)	(117)	-	-	-	(33,889)	(14,329)	-	(14,329)
Balance as of September 30, 2016	136,623	(3,093)	2,896	361	-	-	49,018	185,805	-	185,805

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the financial year ended December 31, 2016 and the accompanying explanatory notes attached to the interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 9 Months ended 30.09.2017 RM'000	Unaudited 9 Months ended 30.09.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	283,359	289,020
Cash paid to suppliers, employees and other payables	<u>(278,512)</u>	<u>(267,849)</u>
Cash generated from operations	4,847	21,171
Interest received	128	31
Interest paid	(1,419)	(1,397)
Tax paid	<u>(3,146)</u>	<u>(6,292)</u>
Net Cash From Operating Activities	<u>410</u>	<u>13,513</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	22	50
Acquisition of intangible assets	(36,722)	-
Purchase of property, plant and equipment, net of finance leases drawdown	(9,433)	(14,842)
Proceeds from disposal of property, plant and equipment	<u>131</u>	<u>95</u>
Net Cash Used In Investing Activities	<u>(46,002)</u>	<u>(14,697)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share buy-back	(2,890)	(3,093)
Proceeds from disposal of treasury shares	4,372	-
Issuance of share capital to non-controlling interests of a subsidiary	19,342	-
Share issuance expenses	(207)	(117)
Drawdown of term loans	28,623	7,626
Repayment of term loans	(5,254)	(6,842)
Dividends paid to owners of the Company	(10,486)	(11,119)
Interest paid	(705)	(681)
Proceeds from short-term borrowings (net)	9,805	11,670
Repayment of finance leases	<u>(2,112)</u>	<u>(1,954)</u>
Net Cash From/(Used In) Financing Activities	<u>40,488</u>	<u>(4,510)</u>
Net decrease in cash and cash equivalents	(5,104)	(5,694)
Cash and cash equivalents at beginning of financial year	15,829	18,988
Effect of exchange differences	(480)	31
Cash and cash equivalents at end of financial period *	<u>10,245</u>	<u>13,325</u>
* Cash and cash equivalents at end of financial period consist of:-		
Cash and bank balances	12,316	13,464
Bank overdrafts	<u>(2,071)</u>	<u>(139)</u>
	<u>10,245</u>	<u>13,325</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the financial year ended December 31, 2016 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 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, 2016. 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, 2016.

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, 2016 except for the adoption of the following:

Amendments to FRSS		Effective date
Amendments to FRS 12	Disclosure of Interests in Other Entities (Annual Improvements to FRSS 2014-2016 Cycle)	January 1, 2017
Amendments to FRS 107	Disclosure Initiative	January 1, 2017
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017

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 ("TE") will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by TE will be mandatory for annual financial periods beginning on or after January 1, 2013. On July 4, 2012, the MASB has decided to allow TE 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 TE are required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017. On October 28, 2015, the MASB notified that the effective date of MFRS 15 is deferred to annual periods beginning on or after January 1, 2018. Accordingly, the effective date of application of MFRS Framework of the TE is also deferred to annual periods beginning on or after January 1, 2018.

An associate of the Group falls within the scope of definition of TE 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, 2018.

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 484,600 units of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM1,068,722 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 RM2.21. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

A7 Dividend Paid

	9 months ended	
	30.9.2017	30.9.2016
	RM'000	RM'000
Fourth interim single tier dividend paid for the financial year 2016: 1.32 sen per ordinary share paid on April 10, 2017. (2016: 1.30 sen single tier dividend per ordinary share for the financial year 2015 paid on April 8, 2016).	3,604	3,552
First interim single tier dividend paid for the financial year 2017: 1.32 sen per ordinary share paid on June 22, 2017. (2016: 1.45 sen single tier dividend per ordinary share for the financial year 2016 paid on June 10, 2016).	3,607	3,951
Second interim single tier dividend paid for the financial year 2017: 1.00 sen per ordinary share paid on September 20, 2017. (2016: 1.33 sen single tier dividend per ordinary share for the financial year 2016 paid on September 22, 2016).	3,275	3,616
	=====	=====

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

	30.09.2017	30.09.2016
	RM'000	RM'000
Revenue		
Malaysia	220,103	233,208
Myanmar	6,453	-
Australia	52,975	45,206
New Zealand	3,455	2,384
	<u>282,986</u>	<u>280,798</u>
	30.09.2017	30.09.2016
	RM'000	RM'000
Non-current assets *		
Malaysia	132,540	138,964
Myanmar	44,436	-
Australia	80	105
New Zealand	-	-
	<u>177,056</u>	<u>139,069</u>

* 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 September 30, 2017 were as follows: -

	RM'000
Property, plant and equipment	
- Authorised and contracted for	6,774
- Authorised but not contracted for	6,836
	<u>=====</u>

A12 Subsequent events

There were no material events subsequent to September 30, 2017 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

The Company's wholly-owned subsidiary, Daibochi Flexibles Sdn. Bhd. incorporated a 60% owned subsidiary, namely Daibochi Packaging (Myanmar) Company Limited, in Myanmar with the share capital of USD11,288,899 comprising 11,288,899 ordinary shares of USD1.00 each.

Approval from the Myanmar Investment Commission for its investment in Myanmar was received on April 28, 2017. The Joint Venture Agreement was signed on June 16, 2017.

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 at September 30, 2017.

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	3Q 2017 RM '000	3Q 2016 RM '000	Changes %
Revenue	102,034	94,066	8.5%
Operating profit	11,189	7,981	40.2%
Profit before tax	10,482	7,181	46.0%
Profit after tax	7,772	6,003	29.5%
Profit attributable to owners of the Company	7,215	6,003	20.2%
PLANT CONTRIBUTION:			
MALAYSIA PLANT ("Daibochi Malaysia")			
Revenue	95,581	94,066	1.6%
Profit before tax	8,636	7,181	20.3%
MYANMAR PLANT ("Daibochi Myanmar")			
Revenue	6,453	-	n/a
Profit before tax	1,846	-	n/a

QUARTER REVIEW

For the three months ended September 30, 2017, the Group recorded revenue of RM102.03 million, increasing 8.5% from RM94.07 million in the corresponding quarter in the previous year. Group profit before tax (PBT) rose 46.0% to RM10.48 million from RM7.18 million in the previous corresponding quarter. The Group reported PBT margin of 10.3% compared to 7.6% in the previous corresponding quarter.

Daibochi Malaysia's operations noted 1.6% higher revenue of RM95.58 million compared to RM94.07 million in the previous corresponding quarter mainly attributed to higher domestic sales. PBT jumped 20.3% to RM8.64 million from RM7.18 million in the previous corresponding quarter due to better wastage control, improved operating efficiency, and better sales mix. Daibochi Malaysia contributed 93.7% and 82.4% of group revenue and PBT respectively in the quarter under review. Daibochi Malaysia's PBT margin stood at 9.0% compared to 7.6% in the previous corresponding quarter.

Daibochi Myanmar's plant under Daibochi Packaging (Myanmar) Company Limited, which commenced operations on July 1, 2017, made its maiden contributions of RM6.45 million and RM1.85 million to group revenue and PBT respectively. Daibochi Myanmar contributed 6.3% and 17.6% of group revenue and PBT respectively in the quarter under review. Daibochi Myanmar recorded PBT margin of 28.6% in the quarter under review.

NINE MONTHS REVIEW

GROUP	1Q 2017 RM '000	2Q 2017 RM '000	3Q 2017 RM '000	9M 2017 RM '000	9M 2016 RM '000	Changes %
Revenue	94,116	86,836	102,034	282,986	280,798	0.8%
Operating profit	7,772	7,356	11,189	26,317	24,914	5.6%
Profit before tax	7,435	6,653	10,482	24,570	22,682	8.3%
Profit after tax	5,768	5,045	7,772	18,585	18,587	0.0%
Profit attributable to owners of the Company	5,768	5,045	7,215	18,028	18,587	-3.0%
PLANT CONTRIBUTION:						
MALAYSIA PLANT ("Daibochi Malaysia")						
Revenue	94,116	86,836	95,581	276,533	280,798	-1.5%
Profit before tax	7,435	6,653	8,636	22,724	22,682	0.2%
MYANMAR PLANT ("Daibochi Myanmar")						
Revenue	-	-	6,453	6,453	-	n/a
Profit before tax	-	-	1,846	1,846	-	n/a

For the nine months ended September 30, 2017, the Group recorded revenue of RM282.99 million, increasing 0.8% from RM280.80 million in the corresponding period in the previous year. Group PBT rose 8.3% to RM24.57 million from RM22.68 million in the previous corresponding period, leading to an increase in PBT margin to 8.7% from 8.1%.

Daibochi Malaysia's revenue decreased 1.5% to RM276.53 million from RM280.80 million in the previous corresponding period attributed to lower exports in the second quarter of 2017. Daibochi Malaysia's PBT increased slightly by 0.2% to RM22.72 million from RM22.68 million in the previous corresponding period. Higher raw material costs during the period, in line with higher global crude oil prices and a weaker MYR versus the USD were mitigated by continued improvements in wastage control and enhanced operating efficiency. Daibochi Malaysia contributed 97.7% and 92.5% of group revenue and PBT respectively in the period under review. Daibochi Malaysia recorded PBT margin of 8.2% versus 8.1% in the previous corresponding period.

Daibochi Myanmar contributed revenue and PBT of RM6.45 million and RM1.85 million respectively in the period under review contributing 2.3% and 7.5% to the Group respectively.

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	3Q 2017 RM '000	2Q 2017 RM '000	Changes %
Revenue	102,034	86,836	17.5%
Operating profit	11,189	7,356	52.1%
Profit before tax	10,482	6,653	57.6%
Profit after tax	7,772	5,045	54.1%
Profit attributable to owners of the Company	7,215	4,864	48.3%
PLANT CONTRIBUTION:			
MALAYSIA PLANT ("Daibochi Malaysia")			
Revenue	95,581	86,836	10.1%
Profit before tax	8,636	6,653	29.8%
MYANMAR PLANT ("Daibochi Myanmar")			
Revenue	6,453	-	n/a
Profit before tax	1,846	-	n/a

For the three months ended September 30, 2017, the Group recorded revenue of RM102.03 million, increasing 17.5% from RM86.84 million in the preceding quarter. Group PBT increased 57.6% to RM10.48 million from RM6.65 million in the preceding quarter.

Daibochi Malaysia notched 10.1% higher revenue to RM95.58 million from RM86.84 million in the preceding quarter mainly attributed to stronger demand from the local market after the Hari Raya Aidilfitri festive period. Daibochi Malaysia's PBT rose 29.8% to RM8.64 million from RM6.65 million in the preceding quarter mainly attributed to the enlarged revenue and better sales mix. Daibochi Malaysia's PBT margin increased to 9.0% from 7.7% in the preceding quarter.

There were no results for Daibochi Myanmar in the preceding quarter as Daibochi Myanmar only began contributing to the Group in the quarter under review ended September 30, 2017.

B3 Prospects

Daibochi is confident of recording a strong financial performance for the current financial year ending December 31, 2017, driven by new financial contributions from the Myanmar plant, better wastage control and improved operating efficiency.

The Group has marked good progress in its Myanmar plant. Daibochi Myanmar achieved, in a short period, the ISO 9001:2015 and Hazard Analysis and Critical Control Point food safety management system (HACCP FSMS) certifications in October 2017. With these certifications, Daibochi Myanmar is now equipped and ready to supply flexible packaging to global food and beverage (F&B) and fast moving consumer goods (FMCG) brands.

At the same time, Daibochi Myanmar is extending its existing business footprint by pursuing new contracts from the FMCG sector in Myanmar. The positive feedback from the sales team after three months of visiting customers in Myanmar, coupled with Daibochi Myanmar's technical capabilities and product quality, makes the Group confident of entering the qualification process for various companies and new product lines of existing customers in the fourth quarter of 2017.

The Group remains steadfast in its efforts to identify new ways to reduce costs and improve efficiency. Alongside the hiring of more foreign workers since January 2017 and continued implementation of our wastage control programme, the Group is considering other cost-saving initiatives such as investing in greater automation and streamlining manufacturing processes. The Group is confident in setting a higher pace of growth and expanding PBT margins in the future.

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		9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Interest income	(22)	(18)	(150)	(81)
Other operating income	(576)	(586)	(1,783)	(1,539)
Gain on disposal of property, plant and equipment	(40)	(16)	(67)	(95)
Interest expense	766	763	2,124	2,078
Depreciation of property, plant and equipment	3,486	3,146	10,256	9,439
Inventories write-down -net	479	894	2,343	2,416
Foreign exchange gain	(580)	(1,161)	(639)	(2,189)
Foreign exchange (gain)/loss on derivatives	(54)	1,047	(245)	490

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		9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Current:				
- Malaysian Tax	2,538	802	5,870	2,974
- Foreign Tax	554	84	648	129
- Under provision in prior year	104	73	104	73
	<u>3,196</u>	<u>959</u>	<u>6,622</u>	<u>3,176</u>
Deferred tax:				
- Current	(488)	214	(639)	914
- Under provision in prior year	2	5	2	5
	<u>2,710</u>	<u>1,178</u>	<u>5,985</u>	<u>4,095</u>

B7 Status of Corporate Proposals
There were no corporate proposals announced as of the date of this quarterly report.

B8 Trade and other receivables

	30.09.2017	30.09.2016
	RM'000	RM'000
Trade receivables	57,415	50,018
Other receivables	4,541	3,104
Prepayments	462	327
Deposits	370	644
	<u>62,788</u>	<u>54,093</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:

	30.09.2017	30.09.2016
	RM'000	RM'000
Neither past due nor impaired	50,510	41,032
Past due but not impaired:	6,905	8,986
1 month	6,218	6,576
2 months	256	2,099
3 months	192	224
More than 3 months	239	87
	<u>57,415</u>	<u>50,018</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 of September 30, 2017 were as follows:-

	As at 3 rd quarter ended 30.09.2017					
	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	-	2,162	-	2,939	-	5,101
Unsecured:						
Term loan in Ringgit Malaysia	-	5,768	-	4,394	-	10,162
Term loan in United States Dollar	4,028	17,036	2,250	9,515	6,278	26,551
Bankers' acceptances in Ringgit Malaysia	-	-	-	20,423	-	20,423
Bankers' acceptances in Australian Dollar	-	-	1,288	4,274	1,288	4,274
Bankers' acceptances in United States Dollar	-	-	4,384	18,540	4,384	18,540
Bank overdraft in Ringgit Malaysia	-	-	-	2,071	-	2,071
		<u>24,966</u>		<u>62,156</u>		<u>87,122</u>

	As at 3 rd quarter ended 30.09.2016					
	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	-	4,530	-	2,678	-	7,208
Unsecured:						
Term loan in Ringgit Malaysia	-	9,680	-	4,263	-	13,943
Bankers' acceptances in Ringgit Malaysia	-	-	-	21,097	-	21,097
Bankers' acceptances in United States Dollar	-	-	2,941	12,172	2,941	12,172
Bank overdraft in Ringgit Malaysia	-	-	-	139	-	139
		<u>14,210</u>		<u>40,349</u>		<u>54,559</u>

For the nine months ended September 30, 2017, the Group's borrowings increased to RM87.12 million compared to RM54.56 million in the corresponding period in the previous year. The increase was mainly due to drawn down of the USD6.653 million term loan from a local banker for financing of its investment in a newly incorporated subsidiary, Daibochi Packaging (Myanmar) Company Limited.

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 September 30, 2017, the Group has the following outstanding derivatives:-

	Principal or Notional Amount RM'000	Fair Value RM'000	Net gain RM'000
Foreign currency forward contracts:-			
Less than 1 year	2,039	2,036	<u>3</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.

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 third interim single tier dividend of 1.15 sen for the financial year ending December 31, 2017 and the said dividend will be paid on December 28, 2017 to shareholders whose names appear on the Company's Record of Depositors on December 7, 2017.

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		9 months ended	
	30.09.2017	30.09.2016 (Restated)	30.09.2017	30.09.2016 (Restated)
Profit attributable to owners of the Company (RM'000)	<u>7,215</u>	6,003	<u>18,028</u>	18,587
Weighted average number of ordinary shares in issue ('000):				
Issued ordinary shares as of January 1	327,895	327,895	327,895	327,895
Effect of treasury shares held	(254)	(1,275)	(267)	(607)
Weighted average number of ordinary shares as of September 30	<u>327,641</u>	326,620	<u>327,628</u>	327,288
Basic earnings per share (sen)	<u>2.20</u>	1.84	<u>5.50</u>	5.68

For comparative purpose, the basic earnings per share for the quarter/ period ended September 30, 2016 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 exceeds the exercise price of the warrants.

B14 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:

	30.09.2017	31.12.2016
	RM'000	RM'000
Total retained earnings of the Group:-		
- Realised	56,195	72,357
- Unrealised	(13,094)	(14,090)
	43,101	58,267
Total share of retained earnings from an associate:-		
- Realised	(1,922)	(2,299)
- Unrealised	(24)	(24)
	41,155	55,944
Less: Consolidation adjustments	(6,631)	(4,587)
Total Group retained earnings	34,524	51,357

By Order of the Board

Ms TAN GAIK HONG, MIA 4621
Secretary
Melaka

Dated: November 20, 2017
c.c. Securities Commission