

MEDIA CLIPPING

Client :	Daibochi Plastic & Packaging Industry Bhd	Date :	10 August 2016
Media :	The Edge Markets (online)	Section :	Business
Language :	English		

Daibochi's 2Q net profit down 15.5%, pays 1.33 sen dividend

KUALA LUMPUR (Aug 10): Flexible packaging manufacturer Daibochi Plastic and Packaging Industry Bhd's net profit fell 15.5% to RM6.08 million or 2.23 sen per share for the second quarter ended June 30, 2016 (2QFY16) from RM7.19 million or 2.64 sen per share a year ago, on higher operating costs driven by the group's revised wage policy in January, less favourable product mix and higher production wastage.

Revenue, however, rose 8.2% to RM97.03 million from RM89.67 million, driven by higher exports particularly to Asean and Australia.

Daibochi also declared a second interim dividend of 1.33 sen per share amounting to RM3.6 million for the financial year ending Dec 31, 2016 (FY16), payable on Sept 22. This brings total interim dividends for the year to 2.78 sen per share or RM7.6 million.

For the first-half period (1HFY16), Daibochi reported a net profit of RM12.58 million or 4.61 sen a share, a 5.9% decline from RM13.38 million or 4.91 sen a share in 1HFY15, while revenue grew 6.2% to RM186.73 million from RM175.83 million.

In a statement today, Daibochi managing director Thomas Lim said the group is set to achieve a record revenue in FY16.

"The government has resumed accepting applications for the recruitment of foreign workers for selected industries, including the manufacturing sector. This development, which follows an earlier-announced hiring suspension, will help alleviate labour shortages and provide manufacturers like Daibochi adequate time to strengthen its talent pool," he said.

Lim noted that the group is also on track to complete the construction of the second expansion phase of Daibochi Plant 2 in Jasin, Melaka, in the fourth quarter of 2016.

"The expanded built up area of the plant would be used for both production and warehousing, providing us the capacity to capture more business opportunities going forward.

"We also expect to commence operations of a new blown film making machine in the same plant in end-2016. This will reduce our dependency on externally procured films, leading to lower raw material costs and better production efficiency," he said.

"At the same time, we are mindful of the challenges faced with regards to cost and labour shortages in the first half of FY16. We are in the process of implementing measures to improve production and cost efficiency. These include commissioning new machinery, conducting personnel training, and implementing better wastage control to address these issues," he added.

Daibochi shares closed unchanged at RM2.07 today, for a market capitalisation of RM563.16 million.