Part A - Explanatory Notes Pursuant To MFRS 134

1. First-time Adoption of Malaysian Financial Reporting Standards ("MFRS")

The condensed consolidated interim financial statements ("Report") have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Report also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"). For the periods up to and including the financial year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRSs").

This Report is the Group's first MFRS condensed consolidated interim financial statements for the financial year ended 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to this Report 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 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position is set out in Note 2.1 below. These notes include reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

2. Significant Accounting Policies

2.1 Application of MFRS 1

The audited financial statements of the Group for the financial year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this Report are consistent with those of the audited financial statements for the financial year ended 31 December 2011 except as discussed below:

Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations as a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be nil as at the date of transition to MFRS.

Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences of RM5,293 as at 1 January 2011 was adjusted to retained earnings as at that date as well as at 31 December 2011.

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided as below:

Reconciliation of equity as at 1 January 2011

RM'000	FRS as at 1.1.11	Reclassifications	MFRS as at 1.1.11
Equity			
Foreign currency translation reserve	(5)	5	-
Retained earnings	14,104	(5)	14,099

Reconciliation of equity as at 31 December 2011

RM'000	FRS as at 31.12.11	Reclassifications	MFRS as at 31.12.11
Equity			
Foreign currency translation reserve	(5)	5	-
Retained earnings	13,010	(5)	13,005

2.2 Standards issued but not yet effective

At the date of authorisation of this Report, the following Malaysian Financial Reporting Standards ("MFRSs"), Amendments to MFRSs and IC Interpretation ("IC Int") were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation		Effective date
Amendments to MFRS 101	Presentation of Financial Statements. Amendments in Relation to Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (International Accounting Standard ("IAS") 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015

3. Auditors' Report of Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 was not qualified.

4. Seasonality or Cyclicality of Operations

Generally, sales of the Group's products are higher in the second half of the financial year due to majority of the festive seasons fall within this period.

5. Items of Unusual Nature

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year under review.

6. Changes in Accounting Estimates

There were no changes in estimates of amounts reported in the prior financial year that have a material effect in the current quarter and financial year results.

7. Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year ended 31 December 2012, other than the following:

(i) On 27 July 2012, the Company has issued 1,355,000 and 15,900 new ordinary shares of RM1 each at an exercise price of RM2.35 and RM2.88 per share respectively pursuant to the Company's Employee Share Option Scheme.

(ii) On 26 September 2012, the Company has issued 6,319,887 new ordinary shares of RM1 each pursuant to the bonus issue of shares.

(iii) On 3 October 2012, the Company has issued 6,319,887 warrants pursuant to the bonus issue of warrants.

8. Dividends Paid

The following dividends were paid during the current and previous corresponding year:

	31.12.2012	**31.12.2011**
Third interim dividend for the financial year	31 December 2011	31 December 2010
Declared and approved on	20 December 2011	6 December 2010
Date paid	18 January 2012	18 February 2011
Dividend per share (single-tier)	5 sen	3.75 sen
Net dividend paid	RM3,091,400	RM2,318,550

	31.12.2012	**31.12.2011**
Final dividend for the financial year	31 December 2011	31 December 2010
Declared and approved on	30 May 2012	31 May 2011
Date paid	8 August 2012	26 August 2011
Dividend per share (single-tier)	7.5 sen	7.5 sen
Net dividend paid	RM4,637,100	RM4,637,100
First interim dividend for the financial year	31 December 2012	31 December 2011
Declared and approved on	14 June 2012	2 June 2011
Date paid	18 July 2012	8 July 2011
Dividend per share (single-tier)	5 sen	5 sen
Net dividend paid	RM3,091,400	RM3,091,400
Second interim dividend for the financial year	31 December 2012	31 December 2011
Declared and approved on	3 September 2012	5 September 2011
Date paid	3 October 2012	10 October 2011
Dividend per share (single-tier)	5 sen	5 sen
Net dividend paid	RM3,159,945	RM3,091,400

9. Segmental Information

Segmental information is presented in respect of the Group's business segments.

	12 months ended 31.12.12 (RM'000)	**12 months ended 31.12.11 (RM'000)**
Segment Revenue		
Personal care	73,562	84,779
Household	12,541	13,522
Investment holding	18,700	14,920
Total revenue including inter segment sales	104,803	113,221
Elimination of inter-segment sales	(20,545)	(17,675)
Total revenue excluding inter segment sales	84,258	95,546
Interest income	37	37
	84,295	95,583
Segment Results		
Personal care	14,125	13,750
Household	1,076	1,031
Investment holding	19,086	16,214
Total results	34,287	30,995
Elimination	(18,700)	(15,327)
Results excluding inter segment sales	15,587	15,668
Interest expense	(1)	(4)
Interest income	446	407
Profit before taxation	16,032	16,071
Taxation	(3,013)	(3,254)
Profit for the year	13,019	12,817

10. Valuation of Property, Plant and Equipment

There were no changes in the valuation of property, plant and equipment since the last audited financial statements for the financial year ended 31 December 2011.

11. Subsequent Event

In the opinion of Directors, there were no material events subsequent to the end of the current quarter.

12. Changes in Composition of the Group

There were no changes in the composition of the Group for the financial year under review other than disclosed below:

On 14 March 2012, the Company has announced to Bursa Malaysia Securities Berhad that the incorporation of P.T. Eng Kah, a wholly-owned subsidiary, has been completed.

13. Changes in Contingent Liabilities and Contingent Assets

There were no contingent assets or contingent liabilities since the end of the last annual reporting period.

14. Capital Commitments

The outstanding capital commitment as at the end of the current quarter is as follows:

	RM'000
Contracted but not provided for:	
- Property, plant and equipment	102
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Part B: Explanatory Notes Pursuant To Appendix 9B Of The Listing Requirements Of Bursa Malaysia Securities Berhad

1. Review of Performance

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	(Unaudited) 31.12.12 RM'000	**(Unaudited) 31.12.11 RM'000**	**(Unaudited) 31.12.12 RM'000**	**(Unaudited) 31.12.11 RM'000**
Revenue	16,604	25,044	84,295	95,583
Profit before taxation	3,292	2,563	16,032	16,071

Comparison with Corresponding Quarter in Previous Year

Generally, impact of seasonality on demand for the Group's products is not significant. The turnover for the reporting quarter was RM16.604 million as compared to RM25.044 million recorded for the preceding year corresponding quarter. The decrease in turnover was mainly due to the Group's strategy to further strengthening its working capital management, as well as implementation of the Group's stringent credit control policy.

During the quarter, the demand for personal care products was 81.39% and household products was 18.61% as compared to 84.17% and 15.83% respectively of the previous year corresponding quarter. The changes were fairly usual in terms of the Group's manufacturing activities.

During the quarter under review, the Profit Before Taxation ("PBT") margin was approximately 19.83% as compared to 10.23% of the previous year corresponding quarter. The higher PBT margin was mainly due to the change in product mix, as well as lesser operating expenses, as compared to the previous year corresponding quarter.

Comparison with Corresponding Financial Period To Date in Previous Year

The Group's PBT for the financial period to date has decreased by RM0.039 million to RM16.032 million as compared to the corresponding period to date. The slightly lower of PBT was mainly due to the change in product mix.

2. Comparison with Preceding Quarter's Results

The Group recorded a PBT of RM3.292 million for the reporting quarter ended 31 December 2012 as compared to RM4.554 million of the immediate preceding quarter ended 30 September 2012, a decrease of approximately 27.71%.

The turnover for the reporting quarter was RM16.604 million as compared to RM20.983 million of the immediate preceding quarter. The decrease in turnover was mainly due to the Group's strategy to further strengthening its working capital management, as well as implementation of the Group's stringent credit control policy.

During the quarter under review, the PBT margin was approximately 19.83% as compared to 21.70% of the immediate preceding quarter. The lower PBT margin was mainly due to the change in product mix as well as higher operating expenses incurred during the quarter, as compared to the immediate preceding quarter.

3. Commentary on Prospects

The Company had on 27th January 2012 entered into Principal Points of Agreement for Joint Venture with Cosway (China) Co. Ltd. The joint venture business is expected to contribute positively to the future earnings of the Group.

Generally, the market conditions of the industry are relatively stable. As the Group manufactures a wide range of products, the changes in product mix may impact on profit margin of the Group.

The Group's strategy is more focus on Multi-National Corporations ("MNC") to expand and diversify its customer base. It is also part of the Group's on-going marketing strategy to continue meeting with potential new customers.

Barring unforeseen circumstances, the Group's performance is expected to be satisfactory for the financial year ending 31 December 2013.

4. Profit Forecast Variance

There was no profit forecast made in any public documents.

5. Taxation

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	(Unaudited) 31.12.12 RM'000	(Unaudited) 31.12.11 RM'000	(Unaudited) 31.12.12 RM'000	(Unaudited) 31.12.11 RM'000
Malaysian income tax:				
Based on results for the period				
- Current tax	(488)	(374)	(3,197)	(3,250)
- Deferred tax	33	(3)	227	179
	(455)	(377)	(2,970)	(3,071)
Over/(Under) provision in prior year				
- Current tax	(53)	(149)	(53)	(149)
- Deferred tax	1	23	10	(34)
	(52)	(126)	(43)	(183)
	(507)	(503)	(3,013)	(3,254)

The Group's effective tax rate for the current quarter and cumulative quarter ended 31 December 2012 was lower than the statutory tax rate of 25% due to entitlement of double deduction claimed during the period.

6. Profit for the Period

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	(Unaudited) 31.12.12 RM'000	(Unaudited) 31.12.11 RM'000	(Unaudited) 31.12.12 RM'000	(Unaudited) 31.12.11 RM'000
Bad debts	50	401	50	401
Depreciation	693	687	2,753	2,734
(Gain)/Loss on disposal of property, plant and equipment	1	(9)	1	(9)
Impairment loss on receivables	-	31	-	131
Interest expense	-	1	1	4
Interest income	145	104	446	407
Property, plant and equipment written off	-	-	-	13
Realised (gain)/loss on foreign exchange	16	12	190	(390)
Share-based compensation pursuant to ESOS	2	-	2	(5)

Other than the above items, there were no gain or loss on disposal of quoted or unquoted investments or properties, provision for and write off of inventories, gain or loss on derivatives as well as other exceptional items.

7. Corporate Proposal

Save as disclosed below, there were no corporate proposals announced or not completed as at the date of this report:

On 30 April 2012, the Company has announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that it proposes to undertake the following:

(i) a bonus issue of up to 6,537,910 new ordinary shares of RM1.00 each in the Company ("Bonus Share(s)") to be credited as fully paid-up on the basis of one (1) Bonus Share for every ten (10) existing shares held in the Company on an entitlement date to be determined later ("Entitlement Date"); and

(ii) a bonus issue of up to 6,537,910 free warrants in the Company ("Warrant(s)") on the basis of one (1) Warrant for every ten (10) existing shares held in the Company on the Entitlement Date.

On 30 May 2012, OSK Investment Bank Berhad ("OSK") had, on behalf of the Board of Directors ("Board"), announced that the Controller of Foreign Exchange (via Bank Negara Malaysia) had, vide its letter dated 28 May 2012, approved the issuance and allotment of the Warrants to the non-resident shareholders of the Company pursuant to the Proposed Bonus Issue of Warrants.

On 5 June 2012, OSK had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 5 June 2012, approved the admission of the Warrants to the official list of Bursa Securities as well as for the listing of and quotation for the Bonus Shares, Warrants and new shares arising from the exercise of the Warrants on the Main Market of Bursa Securities.

On 26 September 2012, OSK had, on behalf of the Board, announced that 6,319,887 Bonus Shares issued pursuant to the Bonus Issue of Shares were listed and quoted on the Main Market of Bursa Securities with effect on the same day, marking the completion of the Bonus Issue of Shares.

On 2 October 2012, 6,319,887 Warrants issued pursuant to the Bonus Issue of Warrants will be admitted to the Official List of Bursa Securities and the listing and quotation of the Warrants on the Main Market will be granted with effect on 3 October 2012. The Stock Short Name, ISIN Code and Stock Number of the Warrants are “ENGKAH-WA”, “MYL7149WAR96” and “7149WA” respectively.

On 3 October 2012, OSK had, on behalf of the Board, announced that the 6,319,887 Warrants issued pursuant to the Bonus Issue of Warrants were listed and quoted on the Main Market of Bursa Securities with effect on the even day, marking the completion of the Bonus Issue of Warrants.

8. Borrowings and Debt Securities

	Secured RM’000
Group borrowings	
Short term:	
Finance lease liabilities	2

9. Material Litigations

A pending civil proceeding instituted by the subsidiary company, Eng Kah Enterprise Sdn. Bhd. (“EKE”) (as plaintiff) against Tohtonku Sdn. Bhd. (“TSB”) (as defendant) vide Georgetown Sessions Court (2) Summons No.: 52-1140-1997, claiming for the following:

(i) RM188,256.30 as at 21 August 1990 being the unpaid purchase price for goods sold and delivered;
(ii) interest of RM14,137.04 as at 15 July 1990;
(iii) further interests to accrue at the rate of 2% per month from 16 July 1990 until full settlement;
(iv) RM296,288.52 as at 17 September 1990 being special damages for stock purchased and kept by EKE for TSB’s use; and
(v) interest on the said RM296,288.52 at the rate of 8.0% per annum from the date of filing of the Summons until full settlement.

The solicitors acting for EKE for the above proceeding, Messrs Ghazi & Lim, is of the opinion that EKE has a "good chance of winning" the abovementioned suit.

TSB has on 28 January 1991 filed a counter-claim against EKE under Georgetown Sessions Court Summons No.: 52-1140-1997 for the following:

(i) RM146,035.34;
(ii) general damages for breach of contract;
(iii) incentives amount of RM30,000.00;
(iv) interest at the rate of 8% per annum from 9 February 1990 until full settlement; and
(v) costs.

The solicitors acting for EKE in the above-mentioned proceeding, Messrs Ghazi & Lim, is of the opinion that EKE has a good chance in defending the said counter-claim.

In view that the total value of the Plaintiff's claim is now beyond the monetary jurisdiction of the Session Court, the Court of Appeal had on 11 January 2010 ordered that this matter be transferred to the High Court of Malaya in Penang for hearing.

This matter is now registered in the High Court of Malaya in Penang as Civil Suit No. 22-843-2010 and is now pending a case management date to be fixed.

10. Proposed Dividends

Details of the proposed dividends are as below:

	31.12.2012	**31.12.2011**
Third interim dividend for the financial year	31 December 2012	31 December 2011
Declared and approved on	12 December 2012	20 December 2011
Dividend per share (single-tier)	5 sen	5 sen
Entitlement to dividends based on Record of Depositors as at	31 December 2012	6 January 2012
Date payable	18 January 2013	18 January 2012

At the forthcoming Annual General Meeting, a final single-tier dividend of 7.5 sen per share amounting to RM5,213,909 in respect of the financial year ended 31 December 2012 will be proposed for shareholder's approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2013.

11. Earnings Per Share

Basis of calculation of earnings per share

The basic earnings per share for the current quarter and cumulative period to date are computed as below:

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.12.12	**31.12.11**	**31.12.12**	**31.12.11**
Profit after taxation Attributable to owners of the parent (RM'000)	2,785	2,060	13,019	12,817
Weighted average number of ordinary shares of RM1.00 each in issue ('000)	70,487	61,828	68,736	61,828
Basic earnings per share (sen)	3.95	3.33	18.94	20.73

The diluted earnings per share for the current quarter and cumulative period to date are computed as below:

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.12.12	**31.12.11**	**31.12.12**	**31.12.11**
Profit after taxation Attributable to owners of the parent (RM'000)	2,785	2,060	13,019	12,817
Weighted average number of shares ('000):				
Weighted average number of ordinary shares in issue	70,487	61,828	68,736	61,828
Adjustment for dilutive effect on exercise of ESOS	588	744	606	470
Adjustment for dilutive effect on exercise of warrants	-	-	71	-
	71,075	62,572	69,413	62,298
Diluted earnings per share (sen)	3.92	3.29	18.76	20.57

12. Realised and Unrealised Profits

	31.12.12 (RM'000)	**(Restated) 31.12.11 (RM'000)**
Total retained profits of the Company and its subsidiaries		
- Realised	37,417	41,671
- Unrealised	(2,196)	(2,416)
	35,221	39,255
Less: Consolidation adjustments	(26,361)	(26,250)
	8,860	13,005