

## Part A - Explanatory Notes Pursuant To MFRS 134

### 1. Basis of Preparation

The condensed consolidated interim financial statements (“Report”) have been prepared in accordance with Malaysian Financial Reporting Standards (“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”).

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. 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 2013.

### 2. Significant Accounting Policies

#### 2.1 Adoption of new MFRSs, Amendments/Improvements to MFRSs and IC Interpretation (“IC Int”)

The accounting policies adopted for this Report are consistent with those of the last audited financial statements for the financial year ended 31 December 2013, except for the adoption of the following:

##### **Amendments to MFRSs and IC Int**

Amendments to MFRS 10,12 and 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Int 21	Levies

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

#### 2.2 Standards issued but not yet effective

The Group has not applied the following new MFRSs, amendments to MFRSs and IC Int that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group:

##### **Effective for financial periods beginning on or after 1 July 2014**

Amendments to MFRS 119	Defined Benefit Plans : Employee Contributions
Annual improvements to MFRSs 2010-2012 Cycle	
Annual improvements to MFRSs 2011-2013 Cycle	

**Effective date yet to be confirmed**

Amendments to MFRS 7	Financial Instrument: Disclosures - Mandatory Date of FRS 9 and Transition Disclosures
MFRS 9	Financial Instruments (2009,2010)
MFRS 9	Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139

**3. Auditors' Report of Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2013 was not qualified.

**4. Seasonality or Cyclicity 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 results for the current quarter and financial year to date.

**7. Changes in Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current period under review.

**8. Dividends Paid**

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

	<b>31.3.2014</b>	<b>31.3.2013</b>
Third interim dividend for the financial year	31 December 2013	31 December 2012
Declared and approved on	26 November 2013	12 December 2012
Date paid	22 January 2014	18 January 2013
Dividend per share (single-tier)	5 sen	5 sen
Net dividend paid	RM3,537,869	RM3,475,939

## 9. Segmental Information

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

	<b>3 months ended 31.3.14 (RM'000)</b>	<b>3 months ended 31.3.13 (RM'000)</b>
<b>Segment Revenue</b>		
Personal care	12,860	15,505
Household	2,227	1,806
Investment holding	3,301	3,450
Total revenue including inter segment sales	<u>18,388</u>	<u>20,761</u>
Elimination of inter-segment sales	<u>(3,301)</u>	<u>(3,487)</u>
Total revenue excluding inter segment sales	15,087	17,274
Interest income	<u>8</u>	<u>8</u>
	<u>15,095</u>	<u>17,282</u>
	<b>3 months ended 31.3.14 (RM'000)</b>	<b>3 months ended 31.3.13 (RM'000)</b>
<b>Segment Results</b>		
Personal care	1,661	2,313
Household	155	96
Investment holding	3,242	3,527
Total results	<u>5,058</u>	<u>5,936</u>
Elimination	<u>(3,200)</u>	<u>(3,450)</u>
Results excluding inter segment sales	1,858	2,486
Interest expense	-	(2)
Interest income	64	87
Profit before taxation	<u>1,922</u>	<u>2,571</u>
Taxation	<u>(532)</u>	<u>(686)</u>
Profit for the period	<u>1,390</u>	<u>1,885</u>

## 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 2013.

## 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 period under review.

### 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:

	<b>RM'000</b>
Contracted but not provided for:	
- Property, plant and equipment	46
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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

	<b>Individual Quarter 3 Months Ended</b>		<b>Cumulative Quarter 3 Months Ended</b>	
	<b>(Unaudited) 31.3.14 RM'000</b>	<b>(Unaudited) 31.3.13 RM'000</b>	<b>(Unaudited) 31.3.14 RM'000</b>	<b>(Unaudited) 31.3.13 RM'000</b>
<b><i>Revenue</i></b>				
- Personal care	12,860	15,468	12,860	15,468
- Household	2,227	1,806	2,227	1,806
- Investment holding	8	8	8	8
	<u>15,095</u>	<u>17,282</u>	<u>15,095</u>	<u>17,282</u>
<b><i>Profit before taxation</i></b>				
- Personal care	1,661	2,313	1,661	2,313
- Household	155	96	155	96
- Investment holding	106	162	106	162
	<u>1,922</u>	<u>2,571</u>	<u>1,922</u>	<u>2,571</u>

### Comparison with Corresponding Quarter in Previous Year

Generally, impact of seasonality on the demand for the Group's products is not that significant. The turnover for the reporting quarter was RM15.095 million as compared to RM17.282 million. The lower turnover was mainly due to lesser orders placed during the reporting quarter.

During the quarter under review, the Profit Before Taxation ("PBT") margin was approximately 12.73% as compared to 14.88% of the previous year corresponding quarter. The lower PBT margin was mainly due to the change in product mix as well as lower turnover.

During the three-month period under review, the demand for personal care products were 85.19% and 14.75% respectively as compared to 89.50% and 10.45% respectively of the previous year corresponding period. The change was fairly usual in terms of manufacturing activities of the Group.

**2. Comparison with Immediate Preceding Quarter's Results**

The turnover for the reporting quarter was RM15.095 million as compared to RM16.681 million of the immediate preceding quarter, a decrease of approximately 9.51%.

The Group recorded a PBT of RM1.922 million for the reporting quarter ended 31 March 2014 as compared to RM2.498 million of the immediate preceding quarter ended 31 December 2013, a decrease of approximately 23.06%. The decrease was mainly due to lower turnover achieved during the reporting quarter.

During the quarter under review, the PBT margin was approximately 12.73% as compared to 14.98% of the immediate preceding quarter. The lower PBT margin was mainly due to the change in product mix and lower turnover.

**3. Commentary on Prospects**

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

Going forward, the Group will further strengthen its presence in overseas markets, particularly the China markets. As part of its market diversification strategy, the Group had, in the previous financial years, incorporated two wholly-owned subsidiaries located in Indonesia and China respectively to achieve this business objective.

The Group's strategy will continue to focus on Multi-National Corporations ("MNC") to expand and diversify its customer base. It is also part of the Group's marketing strategy to continue in exploring other potential customers.

Barring unforeseen circumstances, the Group's performance is expected to be satisfactory for the financial year ending 31 December 2014.

**4. Profit Forecast Variance**

There was no profit forecast made in any public documents.

## 5. Taxation

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	(Unaudited) 31.3.14 RM'000	(Unaudited) 31.3.13 RM'000	(Unaudited) 31.3.14 RM'000	(Unaudited) 31.3.13 RM'000
Malaysian income tax:				
Based on results for the period				
- Current tax	(384)	(751)	(384)	(751)
- Deferred tax				
Relating to origination and reversal of temporary differences	(154)	22	(154)	22
Changes in tax rate	6	-	6	-
	(148)	22	(148)	22
	(532)	(729)	(532)	(729)
Over provision in prior year				
- Deferred tax	-	43	-	43
	(532)	(686)	(532)	(686)

The Group's effective tax rate for the current quarter was higher than the statutory tax rate of 25% due to certain expenses were non-allowable for tax purposes during the period.

## 6. Profit for the Period

	Current quarter (Unaudited) 31.3.14 RM'000
Depreciation	632
Interest expense	-
Interest income	(64)
Inventories written off	-
Property, plant and equipment written off	-
Realised loss on foreign exchange	42

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

## 7. Corporate Proposal

There was no corporate proposal announced or not completed as at the date of this Report.

## **8. Borrowings and Debt Securities**

There were no borrowings as at the reporting date and the Group has not issued any debt securities for the financial period under review.

## **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) initially in Georgetown Sessions Court (2) vide Summons No.: 52-1140-1997 but has now been transferred to High Court of Malaya in Penang vide civil suit No. 22-843-2010 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" of the abovementioned suit.

TSB had 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.

The matter is now fixed for continued hearing on 9 - 11 June 2014, 19 - 20 June 2014 and 24 June 2014.

## **10. Proposed Dividends**

During the quarter under review, the Board of Directors has declared a first interim single-tier dividend of 1 sen per share amounting to RM707,574 in respect of the financial year ending 31 December 2014, payable at a date to be determined later.

## 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 3 Months Ended	
	31.3.14	31.3.13	31.3.14	31.3.13
Profit after taxation Attributable to owners of the Company (RM'000)	1,390	1,885	1,390	1,885
Weighted average number of ordinary shares of RM1.00 each in issue ('000)	70,757	69,519	70,757	69,519
Basic earnings per share (sen)	1.96	2.71	1.96	2.71

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 3 Months Ended	
	31.3.14	31.3.13	31.3.14	31.3.13
Profit after taxation Attributable to owners of the parent (RM'000)	1,390	1,885	1,390	1,885
<b>Weighted average number of shares ( '000):</b>				
Weighted average number of ordinary shares in issue ('000)	70,757	69,519	70,757	69,519
Adjustment for dilutive effect on exercise of ESOS options ('000)	#	503	#	503
Adjustment for dilutive effect on exercise of warrants	*	-	*	-
	70,757	70,022	70,757	70,022
Diluted earnings per share (sen)	1.96	2.69	1.96	2.69

# The Company's ESOS has lapsed on 17 November 2013.

\* The effect of warrants is anti-dilutive in nature.



**12. Realised and Unrealised Profits**

	<b>(Unaudited)</b> <b>31.3.14</b> <b>(RM'000)</b>	<b>(Audited)</b> <b>31.12.13</b> <b>(RM'000)</b>
Total retained profits of the Company and its subsidiaries		
- Realised	30,439	30,236
- Unrealised	(1,925)	(1,470)
	<hr/> 30,156	<hr/> 28,766
Less: Consolidation adjustments	(27,792)	(27,792)
	<hr/> <b>2,364</b>	<hr/> <b>974</b>