

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 2014. 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 2014.

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 2014, except for the adoption of the following:

Effective for annual periods beginning on or after 1 July 2014

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

Initial application of the above standards did not have any material impact to the financial statements of the Group.

2.2 Standards issued but not yet effective

The Group has not applied the following Standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group:

Effective for annual periods beginning on or after 1 January 2016

MFRS 14 *Regulatory Deferral Accounts*
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
Amendments to MFRS 101 *Disclosure Initiative*
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*

Amendments to MFRSs Annual Improvements to MFRSs 2012–2014 Cycle

Effective for annual periods beginning on or after 1 January 2017

MFRS 15 Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption except as mentioned below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Int 13 *Customer Loyalty Programmes*, IC Int 15 *Agreements for Construction of Real Estate*, IC Int 18 *Transfers of Assets from Customers* and IC Int 131 *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

3. Auditors' Report of Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2014 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 period 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 under review.

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:

	31.3.2015	31.3.2014
Third interim dividend for the financial year	31 December 2014	31 December 2013
Declared and approved on	26 November 2014	26 November 2013
Date paid	30 January 2015	22 January 2014
Dividend per share (single-tier)	1 sen	5 sen
Net dividend paid	RM707,574	RM3,537,869

9. Segmental Information

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

	3 months ended 31.3.15 (RM'000)	3 months ended 31.3.14 (RM'000)
Segment Revenue		
Personal care	11,639	12,860
Household	3,083	2,227
Investment holding	822	3,301
Total revenue including inter segment sales	15,544	18,388
Elimination of inter-segment sales	(822)	(3,301)
Total revenue excluding inter segment sales	14,722	15,087
Interest income	-	8
	<u>14,722</u>	<u>15,095</u>
Segment Results		
Personal care	1,145	1,661
Household	167	155
Investment holding	772	3,242
Total results	2,084	5,058
Elimination	(700)	(3,200)
Results excluding inter segment sales	1,384	1,858
Interest income	65	64
Profit before tax	1,449	1,922
Tax expense	(418)	(532)
Profit for the period	<u>1,031</u>	<u>1,390</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 2014.

11. Subsequent Event

In the opinion of Directors, there were no material events subsequent to the end of the current quarter, other than the granting of 9,227,000 options under the Company's Employees' Share Option Scheme ("ESOS") as announced to Bursa Malaysia Securities Berhad on 6 May 2015.

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:

	RM'000
Contracted but not provided for:	
- Property, plant and equipment	73
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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 3 Months Ended	
	(Unaudited) 31.3.15 RM'000	(Unaudited) 31.3.14 RM'000	(Unaudited) 31.3.15 RM'000	(Audited) 31.3.14 RM'000
	Revenue			
- Personal care	11,639	12,860	11,639	12,860
- Household	3,083	2,227	3,083	2,227
- Investment holding	-	8	-	8
	<u>14,722</u>	<u>15,095</u>	<u>14,722</u>	<u>15,095</u>
Profit before tax				
- Personal care	1,145	1,661	1,145	1,661
- Household	167	155	167	155
- Investment holding	137	106	137	106
	<u>1,449</u>	<u>1,922</u>	<u>1,449</u>	<u>1,922</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 RM14.722 million as compared to RM15.095 million of the preceding year corresponding quarter. The lower turnover was mainly due to lesser orders placed during the reporting quarter.

During the quarter under review, the Profit Before Tax ("PBT") margin was approximately 9.84% as compared to 12.73% in the previous year corresponding quarter. The lower PBT margin was mainly due to the change of product mix as well as lower turnover.

During the three months period under review, the demand for personal care and household products were 79.06% and 20.94% respectively as compared to 85.19% and 14.75% respectively of the previous year corresponding period. The change was fairly usual in terms of manufacturing activities of the Group.

2. Comparison with Preceding Quarter's Results

The turnover for the reporting quarter was RM14.722 million as compared to RM17.822 million of the preceding quarter, a decrease of approximately 17.39%. The decrease in turnover was mainly due to lesser orders placed during the reporting quarter.

The Group recorded a PBT of RM1,449 million for the reporting quarter ended 31 March 2015 as compared to RM1.478 million of the preceding quarter ended 31 December 2014, a slight decrease of approximately 1.96%. The decrease was mainly due to lower turnover achieved during the reporting quarter.

During the quarter under review, the PBT margin was approximately 9.84% as compared to 8.29% of the immediate preceding quarter. The higher PBT margin was mainly due to the change of product mix.

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, in the year 2013, the Group 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 2015.

4. Profit Forecast Variance

There was no profit forecast made in any public documents.

5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		3 Months Ended	
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	31.3.15	31.3.14	31.3.15	31.3.14
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Based on results for the period				
- Current tax	(450)	(384)	(450)	(384)
- Deferred tax				
Relating to origination and Reversal of temporary difference	32	(154)	32	(154)
Changes in tax rate	-	6	-	6
	32	(148)	32	(148)
	(418)	(532)	(418)	(532)

The Group's effective tax rate for the current quarter under review was higher than the statutory tax rate of 25% due to non-deductible of certain expenditure.

6. Profit for the Period

	Individual quarter 3 months ended (Unaudited) 31.3.15 RM'000
Depreciation	566
Interest income	(65)
Realised gain/(loss) on foreign exchange	(37)

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 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 end of the reporting period and the Group has not issued any debt securities during 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.

On 16 December 2014, both parties had achieved an amicable settlement in the above civil suit and proceed to record consent judgment. TSB has agreed to pay EKE the sum of RM700,000 inclusive of interest and cost on or before 15 February 2015 in full and final settlement and the counter claim by Defendant is hereby withdrawn with no order as to cost.

The sum of RM700,000 was fully recovered during the current quarter and this matter has been brought to a close.

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 2015, payable at a date to be determined later.

11. Earnings Per Share

(i) Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		12 Months Ended	
	31.4.15	31.4.14	31.4.15	31.3.14
Profit after tax				
Attributable to owners of the Company (RM'000)	1,031	1,390	1,031	1,390
Weighted average number of ordinary shares of RM1.00 each in issue ('000)	70,757	70,757	70,757	70,757
Basic earnings per share (sen)	1.46	1.96	1.46	1.96

(ii) Diluted earnings per share

Diluted earnings per share (sen)	1.46	1.96	1.46	1.96
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There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the reporting date.

12. Realised and Unrealised Profits/(Losses)

	(Unaudited) 31.3.15 (RM'000)	(Audited) 31.12.14 (RM'000)
Total retained profits/(accumulated loss) of the Company and its subsidiaries		
- Realised	29,471	28,527
- Unrealised	(1,449)	(1,536)
	<u>28,022</u>	<u>26,991</u>
Less: Consolidation adjustments	(27,809)	(27,809)
Total retained profit/(accumulated loss)	<u><u>213</u></u>	<u><u>(818)</u></u>