

Notes on the quarterly report – 31 December 2011

PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards (FRS) 134 (Interim Financial Reporting) issued by the Malaysian Accounting Standards Board (“MASB”) and Chapter 9, Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010. The 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.

Changes in Accounting Policies

The accounting policies, methods of computation and basis of consolidation adopted by the Group in the interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2010.

The Group has not early adopted the following new FRSs, revised FRSs, Issues Committee (“IC”) Interpretations, amendments to FRSs and IC Interpretations, which have been issued as at the date of authorisation of these interim financial statements and will be effective for the financial periods as stated below:

		<u>Effective date for financial periods beginning on or after</u>
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 127	Consolidated & Separate Financial Statements	1 July 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
Improvements to FRSs (2010)	Amendments to FRS 1, FRS 3, FRS 7, FRS 121, FRS 128, FRS 131, FRS 132, FRS 134, and FRS 139	1 January 2011
Amendments to IC Interpretation 13 (Improvements to FRSs (2010))		1 January 2011

Notes on the quarterly report – 31 December 2011

		Effective date for financial periods beginning on or after
Amendment to FRS 1	(i) Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters (ii) Addition Exemption for First – time Adopters	1 January 2011
Amendment to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)		1 January 2011
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement	1 July 2011
IC Interpretation 15	Agreements for Construction of Real Estate	1 January 2012
FRS 124	Related Party Disclosures	1 January 2012

The initial applications of the above applicable new FRSSs, revised FRSSs, IC Interpretations, amendments to FRSSs and IC Interpretations is not expected to have any material impact on the financial position and results of the Group.

A2. Qualification of Annual Financial Statements

There were no audit qualifications on the annual audited financial statements for the year ended 31 December 2010.

A3. Seasonal and cyclical factors

The Group's business operation results were not materially affected by any major seasonal or cyclical factors in the quarter under review.

A4. Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows

There were no unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

A5. Material changes in estimates

There was no material changes in estimates of amounts reported in the current quarter under review.

Notes on the quarterly report – 31 December 2011

A6. Issuances and repayment of debt and equity securities

There have been no other issuance, cancellations, repurchase, resale and repayment of debt and equity securities for the current quarter under review, except for the following:-

The details of shares held as treasury shares for the period ended 31 December 2011 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 30 September 2011	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 31 December 2011	1,418,900	649,578

There were no additional repurchase of shares since 1 October 2011.

A7. Dividend Paid

There was no dividend paid by the Company during the quarter under review.

A8. Segment information

Details segmental analysis for the period ended 31 December 2011 are as follows:

(a) **Business segment**

	Processed papers products RM	Disposable fibre-based products RM	Investment holding and others RM	Adjustments and elimination RM	Per consolidated financial statements RM
2010					
Revenue					
External customer	143,846	112,295	207	-	256,342
Inter-segment	55,289	27,012	-	(82,301)	-
Total revenue	199,135	139,307	193	(82,301)	256,342
Results					
Segment results	7,014	12,316	(201)	-	19,219
Interest income	854	351	-	-	1,205
Finance costs	(2,299)	(913)	-	-	(3,212)
Profit before taxation	5,569	11,754	(201)	-	17,122
Taxation	(1,752)	(1,966)	11	-	(3,707)
Net profit for the financial period	3,817	9,788	(190)	-	13,415
Assets					
Additions to non-current assets	21,493	10,544	-	-	32,037
Segment assets	131,644	185,678	86,303	(159,258)	244,367

Notes on the quarterly report – 31 December 2011

A8. Segment information (Continued)

(b) Geographical segments

Revenue by geographical location of customers:

	Group RM'000
Malaysia	179,717
Asia (other than Malaysia)	76,515
Australia	110
	<u>256,342</u>

A9. Valuation of property, plant and equipment

The property, plant and equipment except for freehold land are stated at cost less accumulated depreciation. No depreciation is provided on freehold land. There was no revaluation of property, plant and equipment for the current quarter and financial year to date.

A10. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the current quarter.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

A12. Changes in contingent liabilities

As at the date of announcement, there were no material contingent liabilities incurred by the Group which, upon becoming enforceable, may have material impact on the financial position of the Group.

A13. Capital commitments

There were no significant capital commitments as at 31 December 2011.

Notes on the quarterly report – 31 December 2011

PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

The Group recorded revenue at RM62.5 million for the current quarter, an increased of RM9.6 million as compared to preceding year corresponding quarter, mainly due to better demand for the processed paper products segment.

For financial year to date, the Group recorded revenue of RM256.3 million, an increased of RM17.6 million as compared to preceding year, mainly contributed by the increase in demand of the disposable fibre-based products segment in oversea market.

The Group recorded a lower profit before tax at RM4.2 million for the current quarter, a decreased of RM0.7 million as compared to profit before tax of RM4.9 million in preceding year corresponding quarter, mainly due to increase in operating expenses both in both trading activities of processed paper products and disposable fibre-based products segments.

Year-to-year comparison, the Group recorded profit before tax at RM17.1 million, an increased of RM0.9 million as compared to preceding year, mainly contributed by increased profit before tax from the disposable fibre-based products segment.

B2. Variation of results against immediate preceding quarter

The Group profit before tax increased to RM4.2 million for the current quarter as compared to RM2.3 million in the preceding quarter mainly due to unrealised gain on foreign exchange from the disposable fibre-based segment.

B3. Prospects

Despite the uncertainties in the global market, the Group's products are expected remain competitive in the operating environment. Going forward, the Board expects the Group will achieve a satisfactory performance for the forth-coming year.

B4. Variance of actual and forecast profit

Not applicable as there was no profit forecast has been published.

B5. Tax expense

	Current quarter ended 31.12.2011 RM'000	Current year to date 31.12.2011 RM'000
Estimated tax payable:		
Current	81	3,277
Under provision in prior years	33	33
Deferred tax	397	397
Total	<u>511</u>	<u>3,707</u>

The effective tax rate for the current quarter and financial year to date under review is lower than the statutory income tax rate mainly due to the utilisation of allowances and non-taxable income.

Notes on the quarterly report – 31 December 2011

B6. Unquoted investments and/or properties

There was no sale of unquoted investments and properties during current quarter under review.

B7. Quoted and marketable investments

There were no investments in quoted and marketable securities made during current quarter under review.

B8. Status of corporate proposal

There was no corporate proposal announced as at the date of this announcement.

Status of Utilisation of Proceeds up to 31 December 2011 is as follows:-

Description	Proposed Utilisation RM'000	Actual Utilisation RM'000	Adjusted from/(to) RM'000	Balance Unutilised RM'000	Intended timeframe for utilisation
Working capital requirements	15,820	15,839	19	-	Note 1
Investment to expand the existing core business	10,000	6,716	-	3,284	Note 1
Related Expenses for the Private Placement	180	161	(19)	-	Note 2
	<u>26,000</u>	<u>22,716</u>	<u>-</u>	<u>3,284</u>	

Note:-

1. The proceeds from the Private Placement are expected to be utilised within 24 months from the date of receipt of the proceeds on 29 November 2010.
2. Balance unutilised related expenses for the Private Placement adjusted to the working capital requirements.

B9. Group borrowings

The Group's borrowings as at the end of the reporting year are as follows:

Group Borrowings	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total RM'000
Trust receipts and bankers' acceptance	58,399	-	58,399
Term loans	1,540	7	1,547
Hire purchase	1,756	2,787	4,543
Total	<u>61,695</u>	<u>2,794</u>	<u>64,489</u>

Notes on the quarterly report – 31 December 2011

B10. Off balance sheet financial instrument

There are no financial instruments with off balance sheet risk as at the date of this report.

B11. Material litigation

There was no pending material litigation as at the date of this report.

B12. Dividends

There was no dividend declared by the Company during the current quarter under review.

B13. Basic earnings per share

The basic earnings per share for the current quarter and cumulative year to date are computed as follows:-

	Individual Quarter		Cumulative Quarter	
	3 months Ended 31.12.2011 RM'000	3 months Ended 31.12.2010 RM'000	12 months Ended 31.12.2011 RM'000	12 months Ended 31.12.2010 RM'000
a) Profit attributable to equity holders of the parent (RM'000)	3,677	3,479	13,415	12,748
b) Weighted average number of ordinary shares ('000):	158,581	134,233	158,581	122,526
c) Earnings per ordinary share (sen):				
i) Basic	2.32	2.59	8.46	10.40
ii) Diluted	Note	Note	Note	Note

Note:

The diluted earnings per share are not presented as there were no potential ordinary shares to be issued as at the end of the reporting period.

B14. Disclosure of Realised and Unrealised Profits (Unaudited)

	Current year to date 31.12.2011 RM'000	As At 31.12.2010 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	104,477	94,193
- Unrealised	3,470	3,511
	107,947	97,704
Less: Consolidation adjustments	(46,959)	(46,959)
Total group retained profits as per consolidated accounts	60,988	50,745

Notes on the quarterly report – 31 December 2011

B15. Notes to the Statement of Comprehensive Income

	Current quarter Ended 31.12.2011 RM'000	Current year to date ended 31.12.2011 RM'000
Interest income	273	1,205
Interest expenses	511	3,707
Depreciation and amortisation	779	4,452
(Writeback)/Provision for and write off of receivables	641	(70)
(Writeback)/Provision for and write off of inventories	(211)	377
Property, plant and equipment written off	639	639
Gain on disposal of property, plant and equipment	216	220
Unrealised gain on foreign exchange	1,086	1,086

Other than the above, there were no gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for the current quarter and financial year ended 31 December 2011.