

Notes on the quarterly report – 30 September 2013

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 2012. 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 financial year ended 31 December 2012.

The Group has not early adopted the following new MFRSs, amendments to MFRSs and IC Interpretations, which have been issued by the Malaysian Accounting Standards Board (“MASB”) as at the date of authorisation of these interim financial statements but are not yet effective for the Group as stated below:

		<u>Effective date for financial periods beginning on or after</u>
Amendments to MFRS 101	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 (2011)	Employee Benefits	1 January 2013
MFRS 127 (2011)	Separate Financial Statements	1 January 2013
MFRS 128 (2011)	Investment in Associates and Joint Ventures	1 January 2013
MFRS 3	Business Combinations (IFRS 3 issued by IASB in March 2004)	1 January 2013
MFRS 127	Consolidated and Separate Financial Statement (IAS 27 revised by IASB in December 2003)	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	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
Amendments to MFRSs 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

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Amendments to MFRSs contained in the documents entitled “Annual Improvements 2009-2011 Cycle”		1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10	Investment Entity	1 January 2014
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
MFRS 9 (IFRS 9(2010))	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015

The initial applications of the above applicable new MFRSs, amendments to MFRSs and IC Interpretations are 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 2012.

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.

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 30 September 2013 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 30 June 2013	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 30 September 2013	1,418,900	649,578

There were no additional repurchase of shares since 1 July 2013.

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A7. Dividend Paid

A first and final single tier tax exempt dividend of 4% or 2.0 sen per share amounting to a total dividend of RM3,171,622 in respect of the financial year ended 31 December 2012 was approved by the Shareholders at the Annual General Meeting held on 27 June 2013 had been paid on 15 August 2013.

A8. Segment information

Details segmental analysis for the period ended 30 September 2013 are as follows:

(a) **Business segment**

	Processed papers products RM'000	Disposable fibre-based products RM'000	Investment holding and others RM'000	Adjustments and elimination RM'000	Per consolidated financial statements RM'000
Revenue					
External customer	115,536	63,149	320	-	179,005
Inter-segment	43,278	21,575	-	(64,853)	-
Total revenue	<u>158,814</u>	<u>84,724</u>	<u>320</u>	<u>(64,853)</u>	<u>179,005</u>
Results					
Segment results	7,151	5,436	(8,080)	7,794	12,301
Interest income	1,219	558	77	(504)	1,350
Finance costs	(2,590)	(871)	-	504	(2,957)
Profit before taxation	5,780	5,123	(8,003)	7,794	10,694
Taxation	(1,386)	(2,149)	(5)	-	(3,450)
Net profit for the financial period	<u>4,394</u>	<u>2,974</u>	<u>(8,008)</u>	<u>-</u>	<u>7,154</u>
Assets					
Additions to non-current assets	1,113	518	-	-	1,631
Segment assets	<u>152,368</u>	<u>150,523</u>	<u>80,278</u>	<u>(121,749)</u>	<u>261,420</u>

(b) **Geographical segments**

Revenue by geographical location of customers:

	Group RM'000
Malaysia	145,782
Asia (other than Malaysia)	33,016
Europe	126
South America	81
	<u>179,005</u>

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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 30 September 2013.

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

B1. Review of performance

The Group recorded revenue at RM57.9 million for the current quarter, a decreased of RM1.5 million as compared to RM59.4 million in the preceding year corresponding quarter, mainly due to slow down in trading activities in disposable fibre-based products segment.

The Group recorded a lower profit before tax at RM1.9 million for the current quarter, a decreased of RM1.1 million as compared to RM3.0 million in the preceding year corresponding quarter, mainly due to decrease in profit contributed from disposable fibre-based products segment as a result of losses increased in foreign subsidiary.

B2. Variation of results against immediate preceding quarter

The Group's profit before tax decreased to RM1.9 million for the current quarter as compared to RM3.3 million in the immediate preceding quarter for the period ended 30 June 2013, mainly due to decrease in profit contributed from disposable fibre-based products segment as a result of losses increased in foreign subsidiary.

B3. Prospects

Barring any unforeseen circumstances, the Group's products are expected to remain competitive in the operating environment. Moving forward, the Board expects the Group to achieve a satisfactory performance for the remaining quarter of the 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 30.09.2013 RM'000	Current year to date 30.09.2013 RM'000
Estimated tax payable:		
Current	890	3,540

The effective tax rate for the current quarter and financial year to date under review is higher than the statutory income tax rate mainly due to certain expenses which are not allowable for tax purpose and operating profits of certain subsidiary companies, which for tax purposes, cannot be offset against operating losses of other company in the Group as no Group relief is available for tax purposes.

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B6. Status of corporate proposal

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

Status of Utilisation of Proceeds up to 30 September 2013 is as follows:-

Description	Proposed Utilisation RM'000	Initial timeframe for utilisation	Extension of timeframe approved on 27.08.2012	Variation approved on 27.08.2012 RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000
Working capital requirements	15,820	within 24 months	Within 12 months	2,951	18,771	-
Investment to expand the existing core business	10,000	within 24 months	-	(2,951)	7,049	-
Related Expenses for the Private Placement	180	within 24 months	-	-	180	-
	26,000			-	26,000	-

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. As announced on 27 August 2012, the Board of Directors of the Company has resolved and approved a revision in utilisation of part of the proceeds raised from the Private Placement amounting to RM2,951,000 from investment to expand the Group's existing core business to working capital requirements of the Group and to extend the timeframe for the full utilisation of the remaining proceeds for working capital requirements for a further period of twelve (12) months from 27 August 2012.

B7. 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	48,311	-	48,311
Term loans	1,850	33,005	34,855
Hire purchase	957	1,110	2,067
Total	51,118	34,115	85,233

B8. Off balance sheet financial instrument

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

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B9. Material litigation

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

B10. Dividends

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

B11. 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 30.09.2013 RM'000	3 months Ended 30.09.2012 RM'000	9 months Ended 30.09.2013 RM'000	9 months Ended 30.09.2012 RM'000
a) Profit attributable to equity holders of the parent (RM'000)	1,043	2,076	7,154	6,514
b) Weighted average number of ordinary shares ('000):	158,581	158,581	158,581	158,581
c) Earnings per ordinary share (sen):				
i) Basic	0.66	1.31	4.51	4.11
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.

B12. Disclosure of Realised and Unrealised Profits (Unaudited)

	Quarter Ended	
	30.09.2013 RM'000	30.09.2012 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	106,519	110,290
- Unrealised	4,238	3,924
	110,757	114,214
Less: Consolidation adjustments	(41,963)	(49,882)
Total group retained profits as per consolidated accounts	68,794	64,332

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B13. Notes to the Statement of Comprehensive Income

	Quarter Ended	
	30.09.2013	30.09.2012
	RM'000	RM'000
Interest income	1,350	1,033
Interest expenses	2,957	2,673
Depreciation and amortization	4,319	3,749
Provision for and write off of receivables	45	451
Reversal of impairment on slow moving inventories	47	-
Reversal of impairment on trade receivables	9	52
Property, plant and equipment written off	104	-
Gain on disposal of property, plant and equipment	126	55
Gain on disposal of investment property	988	-
Gain on foreign exchange - Realised	561	491

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 ended 30 September 2013.