

**Notes on the quarterly report – 31 March 2014**

**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 2013. 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 2013.

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>
MFRS 11	Joint Arrangements	1 January 2013
MFRS 128 (2011)	Investment in Associates and Joint Ventures	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 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 2013.

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**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 31 March 2014 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 31 December 2013	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 31 March 2014	1,418,900	649,578

There were no additional repurchase of shares since 1 January 2014.

**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 March 2014 are as follows:

**(a) Geographical segments**

Revenue by geographical location of customers:

	Group RM'000
Malaysia	45,417
Asia (other than Malaysia)	12,658
	<hr/>
	58,075

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(b) **Business segment**

	<b>Processed papers products RM'000</b>	<b>Disposable fibre-based products RM'000</b>	<b>Investment holding and others RM'000</b>	<b>Adjustments and elimination RM'000</b>	<b>Per consolidated financial statements RM'000</b>
<b>Revenue</b>					
External customer	34,074	24,001	-	-	58,075
Inter-segment	11,564	7,244	-	(18,908)	-
Total revenue	45,738	31,245	-	(18,908)	58,075
<b>Results</b>					
Segment results	1,464	2,473	(977)	892	3,852
Interest income	458	261	26	(190)	555
Finance costs	(843)	(341)	-	190	(994)
Profit (loss) before taxation	1,079	2,393	(951)	892	3,413
Taxation	(270)	(766)	(1)	-	(1,037)
Net profit (loss) for the financial period	809	1,627	(952)	892	2,376
<b>Assets</b>					
Additions to non-current assets	8	64	-	-	72
Segment assets	157,188	152,060	91,273	(123,690)	276,831

**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 March 2014.

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

**B1. Review of performance**

The Group recorded revenue at RM58.1 million for the current quarter, a decreased of RM8.2 million as compared to RM66.3 million in the preceding year corresponding quarter, mainly due to slow down in trading activities in processed papers products segment.

The Group recorded a lower profit before tax at RM3.4 million for the current quarter, a decreased of RM2.0 million as compared to RM5.4 million in the preceding year corresponding quarter, mainly due to the decreased revenue in processed papers products segment.

**B2. Variation of results against immediate preceding quarter**

The Group's profit before tax for the current quarter of RM3.4 million is recorded almost the same as the immediate preceding quarter for the period ended 31 December 2013 although achieved a lower of revenue, mainly due to better products margin for the current quarter as well as due to an impairment loss on trade receivables and higher loss incurred in foreign subsidiary in the immediate preceding quarter.

**B3. Prospects**

The global economy is expected to continue gradual improvement in 2014 with the pace of moderate recovery. The developing economies are expected to remain robust with the support by the gradual improvement in external market. The Malaysian economy is expected to continue steady growth and supported by the improvement in external demand and the continued expansion in domestic demand.

Barring any unforeseen circumstances, the Group's products are expected to remain competitive in the operating environment. Going 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 31.03.2014 RM'000	Current year to date 31.03.2014 RM'000
Estimated tax payable:		
Current	1,037	1,037

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.

**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	60,421	-	60,421
Term loans	1,850	32,077	33,927
Hire purchase	851	720	1,571
<b>Total</b>	<b>63,122</b>	<b>32,797</b>	<b>95,919</b>

**B8. Off balance sheet financial instrument**

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

**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 31.03.2014 RM'000	3 months Ended 31.03.2013 RM'000	3 months Ended 31.03.2014 RM'000	3 months Ended 31.03.2013 RM'000
a) Profit attributable to equity holders of the parent (RM'000)	2,376	3,920	2,376	3,920
b) Weighted average number of ordinary shares ('000):	158,581	158,581	158,581	158,581
c) Earnings per ordinary share (sen):				
i) Basic	1.50	2.47	1.50	2.47
ii) Diluted	Note	Note	Note	Note

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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	
	31.03.2014	31.03.2013
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	107,532	112,703
- Unrealised	3,102	4,238
	<u>110,634</u>	<u>116,941</u>
Less: Consolidation adjustments	(37,461)	(48,207)
Total group retained profits as per consolidated accounts	<u>73,173</u>	<u>68,734</u>

**B13. Notes to the Statement of Comprehensive Income**

	Quarter Ended	
	31.03.2014	31.03.2013
	RM'000	RM'000
Interest income	994	396
Interest expense	555	1,052
Depreciation and amortization	1,341	1,416
Provision for and write off of receivables	-	45
Reversal of impairment on slow moving inventories	-	27
Reversal of impairment on trade receivables	104	1
Gain on disposal of non-current asset held for sale	-	988
Gain on disposal of property, plant and equipment	-	89
Loss on foreign exchange - unrealised	140	-

Other than the above, there were no property, plant and equipment written off, gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for the current quarter ended 31 March 2014.