

**Notes on the quarterly report – 31 March 2015**

**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 2014. 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 2014.

The Group has not early adopted the following new MFRSs and amendments to MFRSs, 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 119	Defined Benefits Plans – Employee Contributions	1 July 2014
Annual Improvement to MFRSs 2010 – 2013 Cycle		1 July 2014
Annual Improvement to MFRSs 2010 – 2014 Cycle		1 July 2014
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016

The initial applications of the above applicable new MFRSs and amendments to MFRSs 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 2014.

**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.

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**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 2015 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 31 December 2014	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 31 March 2015	1,418,900	649,578

There were no additional repurchase of shares since 1 January 2015.

**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 2015 are as follows:

**(a) Geographical segments**

Revenue by geographical location of customers:

	Continuing Operations RM'000	Discontinued Operations RM'000	Consolidated RM'000
Malaysia	56,151	-	56,151
Asia (other than Malaysia)	12,020	-	12,020
	<u>68,171</u>	<u>-</u>	<u>68,171</u>

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(b) **Business segment**

	Processed papers products RM'000	Disposable fibre-based products RM'000	Investment holding and others RM'000	Adjustments and elimination RM'000	Total Continuing Operations RM'000	Discontinued Operations RM'000	Consolidated RM'000
<b>Revenue</b>							
External customer	46,235	21,936	-	-	68,171	-	68,171
Inter-segment	18,619	7,519	-	(26,138)	-	-	-
Total revenue	64,854	29,455	-	(26,138)	68,171	-	68,171
<b>Results</b>							
Segment results	2,452	1,246	437	(525)	3,610	(8)	3,602
Interest income	488	401	15	(201)	703	7	710
Finance costs	(716)	(309)	-	21	(824)	-	(824)
Profit (loss) before taxation	2,224	1,338	452	(525)	3,489	(1)	3,488
Taxation	(504)	(335)	-	-	(839)	-	(839)
Net profit (loss) for the financial period	1,720	1,003	452	(525)	2,650	(1)	2,649
<b>Assets</b>							
Additions to non-current assets	216	22	-	-	238	-	238
Segment assets	163,434	135,183	91,840	(135,571)	254,886	14,666	269,552

**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 2015.

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

**B1. Review of performance**

**Continuing operations**

The Group recorded revenue at RM68.2 million for the current quarter, an increased of RM10.6 million as compared to RM57.6 million in the preceding year corresponding quarter, mainly due to improved trading activities in the processed paper products segment.

The Group recorded a lower profit before tax of RM3.5 million for the current quarter, a decreased of RM0.6 million as compared to RM4.1 million in the preceding year corresponding quarter, mainly due to the decrease of foreign exchange gain in the disposable fibre-based products segment.

**Discontinued operations**

The Group recorded a lower loss from discontinued operations of RM1,000 for the current quarter as compared to loss of RM0.7 million in the preceding year corresponding quarter, which was mainly due to no trading activity and with minimal administrative expenses incurred.

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

**Continuing operations**

The Group's profit before tax decreased to RM3.5 million for the current quarter as compared to RM3.6 million in the immediate preceding quarter for the period ended 31 December 2014, mainly due to the lower sales achieved in the processed paper products segment.

**Discontinued operations**

The Group recorded a lower loss from the discontinued operations of RM1,000 for the current quarter as compared to loss of RM1.2 million in the immediate preceding quarter for the period ended 31 December 2014, mainly due to no trading activity and with minimal administrative expenses incurred.

**B3. Prospects**

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 quarters of the year.

**B4. Variance of actual and forecast profit**

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

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**B5. Tax expense**

	Current quarter ended 31.03.2015 RM'000	Current year to date 31.03.2015 RM'000
Estimated tax payable:		
Current	839	839
Total	839	839

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.

**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	65,488	-	65,488
Term loans	2,502	16,872	19,374
Hire purchase	808	543	1,351
Total	68,798	17,415	86,213

**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.

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**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 31.03.2015 RM'000	3 months Ended 31.03.2014 RM'000	3 months Ended 31.03.2015 RM'000	3 months Ended 31.03.2014 RM'000
a) Profit attributable to equity holders of the parent (RM'000)				
- Continuing operations	2,650	3,044	2,650	3,044
- discontinued operations	(1)	(688)	(1)	(688)
	<u>2,649</u>	<u>2,376</u>	<u>2,649</u>	<u>2,376</u>
b) Weighted average number of ordinary shares ('000):	<u>158,581</u>	<u>158,581</u>	<u>158,581</u>	<u>158,581</u>
c) Earnings per ordinary share (sen):				
i) Basic				
- Continuing operations	1.67	1.92	1.67	1.92
- discontinued operations	-	(0.42)	-	(0.42)
Total	<u>1.67</u>	<u>1.50</u>	<u>1.67</u>	<u>1.50</u>
ii) Diluted	<u>Note</u>	<u>Note</u>	<u>Note</u>	<u>Note</u>

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	
	31.03.2015 RM'000	31.03.2014 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	104,116	107,532
- Unrealised	3,696	3,102
	<u>107,812</u>	<u>110,634</u>
Less: Consolidation adjustments	(31,359)	(37,461)
Total group retained profits as per consolidated accounts	<u>76,453</u>	<u>73,173</u>

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

	Quarter Ended	
	31.03.2015	31.03.2014
	RM'000	RM'000
Interest income	710	555
Interest expense	824	994
Depreciation and amortization	1,131	1,341
Reversal of impairment on trade receivables	(13)	(104)
Gain on disposal of property, plant and equipment	7	-
(Gain) Loss on foreign exchange - unrealised	(107)	140

Other than the above, there were no impairment of assets, 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 2015.