



## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

### A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING

#### 1. Basis of Preparation of the Financial Statements and Adoption of New and Revised Financial Reporting Standards (“FRSs”)

The interim financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2011

#### 2. Auditor’s Report on Preceding Annual Financial Statements

The auditor’s report on the financial statements of the Group and the Company for the previous year ended 31 December 2011 was not subject to any qualification.

#### 3. Seasonal or Cyclical Factors

The Group’s products are mainly exported to temperate regions like Europe, USA and Latin America. In tandem with climatic changes, demand for the Group’s products may fluctuate with the seasons. Generally, demand is stronger in the second half of the year.

#### 4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting the Group’s assets, liabilities, equity, net income or cash flows in the interim financial statements ended 31 March 2012.

#### 5. Changes in Material Estimates

There were no changes in the nature and amount of estimates reported in prior financial years that have a material effect in the interim financial statements ended 31 March 2012.

#### 6. Changes in Debt and Equity Securities

##### 6.1 Medium Term Notes (“MTN”) Programme

The MTN Programme terminated in the current quarter with the final early repayment of the outstanding RM1.0 million on 14 March 2012.

##### 6.2 Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) with free Warrants

During the current quarter, a total of 340,043 ICULS were converted into 400,045 new ordinary shares of RM0.50 each.

As at 31 March 2012, a total of 22,407,017 ICULS remain outstanding.



No warrants were exercised during the current quarter and as at 31 March 2012, a total of 52,979,420 Warrants remain outstanding.

The ICULS and Warrants shall expire on 14 August 2012.

### 6.3 Share Buy-back

The Company did not carry out any share buy-back exercise during the current quarter.

As at 31 March 2012, a total of 1,065,800 ordinary shares were held as Treasury Shares by the Company.

### 7. Dividends Paid

A first interim tax-exempt dividend of 2.5 sen per ordinary share of RM0.50 each held in respect of the current financial year was paid on 20 February 2012.

### 8. Segmental Information

Segmental information is presented in accordance to the Group's business and geographical segments by location of assets, which is the primary reporting format.

	Current Quarter ended 31 March 2012 RM'000	Cumulative year-to- date RM'000
<b>Segment Revenue:</b>		
Malaysia	33,312	33,312
People's Republic of China	127,052	127,052
Europe	10,335	10,335
	170,699	170,699
Adjustments	(73,168)	(73,168)
Total	<b>97,531</b>	<b>97,531</b>
<b>Segment Results:</b>		
Malaysia	4,918	4,918
People's Republic of China	4,915	4,915
Europe	897	897
	10,730	10,730
Adjustments	(594)	(594)
Total	<b>10,136</b>	<b>10,136</b>

### 9. Valuation of Property, Plant and Equipment

The Group did not carry out any revaluations on its property, plant and equipment during the current quarter and interim financial period ended 31 March 2012.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2011.

### 10. Subsequent Events

There was no material events subsequent to the end of the current quarter that have not been reflected in the interim financial period ended 31 March 2012.



**11. Changes in the Composition of the Group**

There were no changes to the composition of the Group since the last financial year ended 31 December 2011.

**12. Changes in Contingent Liabilities or Contingent Assets**

There were no changes in contingent liabilities or assets since the last annual balance sheet date as at 31 December 2011.

**13. Capital Commitments**

The amount of commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 31 March 2012 is as follows:-

	RM'000
Capital expenditure approved and contracted for	4,936

**B. ADDITIONAL INFORMATION PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**1. Review of Performance**

The Group achieved a sales turnover of RM97.5 million for the first quarter ended 31 March 2012 (2011: RM78.3 million). Group pretax profit recorded in the current quarter was RM4.5 million (2010: RM1.5 million). The improvement was mainly contributed by improved sales and operating efficiencies which resulted in better product margins for the Group.

**2. Material change in the profit before tax of the current quarter compared with preceding quarter**

Sales for the first quarter 2012 amounted to RM97.5 million compared to RM102.8 million reported for the fourth quarter of 2011, a decrease of 5%. However, pre-tax profit was higher in the current quarter at RM4.5 million compared to RM3.4 million in the previous quarter, an increase of 32%. The increase in profits was mainly due to lower raw material costs especially plastic resin and latex as well as better product mix and hence improved profit margins in the current quarter.

**3. Current Year Prospects**

The Management foresees this year to be as challenging as year 2011. Demand for the Group's products is expected to sustain well, however, negative factors such as headwinds from the European debt crisis, fluctuations in the exchange rates of Ringgit Malaysia and Chinese Yuan against the US Dollar and Euro as well as the uncertainty in raw material prices continue to be determining factors in the Group's earnings and profitability.

In addition, our China operation which contributes more than 60% of the Group's revenue is faced with rising labour costs. The Management is mitigating this effect by intensifying efforts to reduce dependence on manual labour through various mechanical automation in its production processes.



Barring any unforeseen circumstances, the Management is cautiously optimistic that overall Group performance for the current year is expected to improve.

**4. Profit Forecast or Profit Guarantee**

No profit forecast or profit guarantee has been issued for the current quarter.

**5. Taxation**

	Current quarter ended 31 March 2012 RM'000	Cumulative year-to- date RM'000
Current year – Malaysian income tax	748	748
Current year – Foreign income tax	172	172
Deferred Taxation	-	-
<b>Total income tax expense</b>	<b>920</b>	<b>920</b>

**6. Sale of Unquoted Investments and/or Properties**

There were no sales of unquoted investments and/or properties for the current quarter ended 31 March 2012.

**7. Purchase/disposal of Quoted Securities**

There were no purchase and/or disposal of quoted securities for the current quarter ended 31 March 2012.

**8. Status of Corporate Proposals**

There are no corporate proposals not announced or outstanding as at 31 March 2012.

**9. Group Borrowings and Debt Securities**

	As at 31 March 2012		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings including trade financing	60,857	12,744	73,601
Term Loans	1,945	39,500	41,445
Irredeemable Convertible Unsecured Loan Stocks (“ICULS”)	-	18,763	18,763
	<b>62,802</b>	<b>71,007</b>	<b>133,809</b>



### 10. Financial Instruments Risks

As at 31 March 2012, the Group has the following foreign currency contracts outstanding:-

Currency	Contracted Amounts '000	Ringgit Equivalent RM'000	Fair Values RM'000	Expiry Periods
U.S. Dollar (USD)	7,360	22,878	22,944	January – September 2012
Euro (EUR)	2,025	8,533	8,298	July – September 2012
		<b>31,411</b>	<b>31,242</b>	

The above foreign currency contracts are entered into with a local licensed bank to hedge the Group's receivables and payables in foreign currencies. The contracted rates will be used to translate the underlying foreign currencies into Ringgit Malaysia.

These foreign currency contracts are of a short-term nature. The accounting policy adopted with regards to off balance sheet financial instruments was consistent with those applied in the last audited financial statements as at 31 December 2011.

### 11. Changes in Material Litigation

There is no outstanding material litigation as at 31 March 2012.

### 12. Disclosure of Realised and Unrealised Profits/Losses

Group	Current period ended 31 March 2012 RM'000	Current period ended 31 March 2011 RM'000
Total retained profits/(loss):		
- Realised	29,279	22,811
- Unrealised	(2,006)	(2,301)
	<b>27,273</b>	<b>20,510</b>

### 13. Dividend Payable

No dividend is proposed for the current quarter under review.



#### 14. Earnings per Share (“EPS”)

		Cumulative Year-to-Date ended 31 March 2012	Cumulative Year-to-Date ended 31 March 2011
Comprehensive income attributable to ordinary shareholders of the Company	RM'000	3,577	667
Weighted average number of ordinary shares in issue	Shares	201,529,451	202,074,612
<b>Basic EPS</b>	<b>sen</b>	<b>1.77</b>	<b>0.34</b>
Diluted weighted average number of ordinary shares in issue	Shares	227,890,647	229,152,329
<b>Fully diluted EPS</b>	<b>sen</b>	<b>1.57</b>	<b>0.30</b>

#### 15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 29 May 2012.

**CHAN CHEE KHEONG (MAICSA 0810287)**

**CHANG POOI YEE (MAICSA 7036213)**

**Company Secretaries**

Ipoh, Perak

29 May 2012