



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 30 June 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 30 June 2012.

6. Changes in Debt and Equity Securities

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

During the current quarter, a total of 72,800 ICULS were converted into 85,647 new ordinary shares of RM0.50 each.

As at 30 June 2012, a total of 22,334,217 ICULS remain outstanding.

No warrants were exercised during the current quarter and as at 30 June 2012, a total of 52,979,420 Warrants remain outstanding.

The ICULS and Warrants shall expire on 14 August 2012.



6.2 Share Buy-back

In the current quarter, the Company purchased 15,000 ordinary shares of RM0.50 each from Bursa Malaysia Securities Berhad, for a total consideration of RM9,966. The shares are currently maintained as Treasury Shares.

As at 30 June 2012, a total of 1,080,800 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 30 June 2012 RM'000	Cumulative year-to- date RM'000
Segment Revenue:		
Malaysia	33,545	66,857
People's Republic of China	129,172	256,224
Europe	10,400	20,735
	173,117	343,816
Adjustments	(72,061)	(145,229)
Total	101,056	198,587
Segment Results:		
Malaysia	8,166	13,083
People's Republic of China	7,552	12,467
Europe	457	1,354
	16,175	26,904
Adjustments	(3,483)	(4,076)
Total	12,692	22,828

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 30 June 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 30 June 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 30 June 2012 is as follows:-

	RM'000
Capital expenditure approved and contracted for	4,444

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 RM101.1 million for the second quarter ended 30 June 2012 (2011: RM96.8 million). Group pretax profit recorded in the current quarter was RM6.8 million (2011: RM2.5 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 second quarter 2012 amounted to RM101.1 million compared to RM97.5 million reported for the first quarter, an increase of 4%. Pre-tax profit was also higher in the current quarter at RM6.8 million compared to RM4.5 million in the previous quarter, an increase of 51%. The increase in profits was mainly due to lower raw material costs especially plastic resin and latex as well as better product mix.

3. Current Year Prospects

The Group's performance for the first half of this year improved tremendously, achieving a profit before tax of RM11.3 million compared to RM4.0 million for the same period in 2011. Improved product pricing and better efficiencies due to better capacity utilisation have contributed to the commendable performance.

The Management expects the Group to perform well in the second half of this year. However, negative factors such as the European debt crisis, fluctuations in exchange rates of Ringgit Malaysia or Chinese Yuan against the US Dollar and Euro as well as uncertainty in raw material prices may affect the Group's earnings and profitability.

4. Profit Forecast or Profit Guarantee

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



5. Taxation

	Current quarter ended 30 June 2012 RM'000	Cumulative year-to- date RM'000
Current year – Malaysian income tax	609	1,357
Current year – Foreign income tax	35	207
Deferred Taxation	-	-
Total income tax expense	644	1,564

6. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties for the current quarter ended 30 June 2012.

7. Purchase/disposal of Quoted Securities

There were no purchase and/or disposal of quoted securities for the current quarter ended 30 June 2012.

8. Status of Corporate Proposals

There are no corporate proposals not announced or outstanding as at 30 June 2012.

9. Group Borrowings and Debt Securities

	As at 31 June 2012		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings including trade financing	59,640	11,126	70,766
Term Loans	2,000	37,000	39,000
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	-	18,260	18,260
	61,640	66,386	128,026

10. Financial Instruments Risks

As at 30 June 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)	15,511	48,409	49,283	July – December 2012
Euro (EUR)	5,408	21,683	21,564	August – December 2012
		70,092	70,847	

The above foreign currency contracts are entered into with local licensed banks 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 30 June 2012.

12. Disclosure of Realised and Unrealised Profits/Losses

Group	Current period ended 30 June 2012 RM'000	Current period ended 30 June 2011 RM'000
Total retained profits/(loss):		
- Realised	36,579	24,967
- Unrealised	(3,124)	(2,343)
	33,455	22,624

13. Dividend Payable

No dividend is proposed for the current quarter under review.

14. Earnings per Share ("EPS")

		Cumulative Year-to-Date ended 30 June 2012	Cumulative Year-to-Date ended 30 June 2011
Comprehensive income attributable to ordinary shareholders of the Company	RM'000	9,759	2,790
Weighted average number of ordinary shares in issue	Shares	201,637,405	202,083,602
Basic EPS	sen	4.84	1.38
Diluted weighted average number of ordinary shares in issue	Shares	227,912,954	229,129,319
Fully diluted EPS	sen	4.28	1.25

15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 08 August 2012.

CHAN CHEE KHEONG (MAICSA 0810287)

CHANG POOI YEE (MAICSA 7036213)

Company Secretaries

Ipoh, Perak

08 August 2012