



## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 financial statements ended 31 December 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 financial statements ended 31 December 2012.

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

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

The ICULS and Warrants expired on 14 August 2012.

##### 6.2 Share Buy-back

In the current quarter, the Company purchased 859,100 ordinary shares of RM0.50 each from Bursa Malaysia Securities Berhad, for a total consideration of RM612,981. The shares are currently maintained as Treasury Shares.

As at 31 December 2012, a total of 1,939,900 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.

On 22 November 2012, the Company declared a first interim tax-exempt dividend of 2.5 sen per ordinary share of RM0.50 each in respect of the financial year 2013; this was paid on 30 January 2013.

## 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 December 2012 RM'000	Cumulative year-to- date RM'000
<b>Segment Revenue:</b>		
Malaysia	29,452	132,888
People's Republic of China	91,723	475,379
Europe	12,039	43,304
	133,214	651,571
Adjustments	(54,780)	(275,025)
Total	<b>78,434</b>	<b>376,546</b>
<b>Segment Results:</b>		
Malaysia	7,234	25,107
People's Republic of China	5,153	26,903
Europe	841	2,612
	13,228	54,622
Adjustments	(1,930)	(6,077)
Total	<b>11,298</b>	<b>48,545</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 financial period ended 31 December 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 financial period ended 31 December 2012.

## 11. Changes in the Composition of the Group

There were no changes to the composition of the Group since the last annual balance sheet date as at 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 December 2012 is as follows:-

	RM'000
Capital expenditure approved and contracted for	4,301

## 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 RM78.4 million for the fourth quarter ended 31 December 2012 (2011: RM102.8 million). Group pretax profit recorded in the current quarter was RM5.7 million (2011: RM3.4 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 fourth quarter 2012 amounted to RM78.4 million compared to RM99.5 million reported for the third quarter, a decrease of 21%. Pre-tax profit also decreased to RM5.7 million in the current quarter compared to RM8.9 million in the previous quarter, a reduction of 36%. The decrease in profits was mainly due to lower sales turnover as well as higher raw material costs especially plastic resin resulting in lower profit margins achieved in our disposable glove division.

### 3. Current Year Prospects

The Management foresees the financial year 2013 to be as challenging as 2012. Uncertainties of the European debt crisis, fluctuation of exchange rates of Ringgit and Chinese Yuan against the Group's main trading currencies i.e. US Dollar and Euro as well as uncertainties in raw material prices continue to be determining factors in the Group's profitability.

In addition, the implementation of the minimum wage policy in Malaysia is expected to hit the bottom line of the Group. Our China operations, which contribute more than 60% of the Group's revenue, will continue to face rising labour costs as well.

Nevertheless, demand for the Group's traditional products namely general purpose and industrial gloves which are produced in Malaysia is expected to perform well. The growing stringent health requirements especially for personal hygiene in the food and medical care sectors are expected to augur well for the Group's disposable vinyl gloves division.

Despite the above and barring any unforeseen circumstances, the Management is cautiously optimistic that the Group will perform satisfactorily for the current year.

### 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 December 2012 RM'000	Cumulative year-to- date RM'000
Current year – Malaysian income tax	863	3,173
Current year – Foreign income tax	431	1,280
Deferred taxation	(126)	(571)
Total income tax expense	<b>1,168</b>	<b>3,882</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 December 2012.

## 7. Purchase/disposal of Quoted Securities

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

## 8. Status of Corporate Proposals

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

## 9. Group Borrowings and Debt Securities

	As at 31 December 2012		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings including trade financing	48,723	11,956	60,679
Term Loans	981	32,800	33,781
	<b>49,704</b>	<b>44,756</b>	<b>94,460</b>

## 10. Financial Instruments Risks

As at 31 December 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)	14,786	45,535	44,536	January – June 2013
Euro (EUR)	5,095	20,384	13,423	January – August 2013
		<b>65,919</b>	<b>57,959</b>	

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 31 December 2012.

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

Group	Current period ended 31 December 2012 RM'000	Current period ended 31 December 2011 RM'000
Total retained profits/(loss):		
- Realised	47,546	29,659
- Unrealised	(1,819)	(919)
	<b>45,727</b>	<b>28,740</b>

### 13. Dividend Payable

No dividend is proposed for the current quarter under review.

#### Earnings per Share ("EPS")

		Cumulative Year-to-Date ended 31 December 2012	Cumulative Year-to-Date ended 31 December 2011
Comprehensive income attributable to ordinary shareholders of the Company	RM'000	22,020	8,907
Weighted average number of ordinary shares in issue	Shares	212,753,617	202,038,167
<b>Basic EPS</b>	<b>sen</b>	<b>10.35</b>	<b>4.41</b>
Diluted weighted average number of ordinary shares in issue	Shares	212,753,617	228,799,414
<b>Fully diluted EPS</b>	<b>sen</b>	<b>10.35</b>	<b>3.91</b>

### 14. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 27 February 2013.

**CHAN CHEE KHEONG (MAICSA 0810287)**

**CHANG POOI YEE (MAICSA 7036213)**

**Company Secretaries**

Ipoh, Perak

27 February 2013