



## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013

### 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 2012.

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 2012.

#### 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 2012 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 2013.

#### 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 2013.

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

##### 6.1 Share Buy-back

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

As at 31 March 2013, 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 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 March 2013 RM'000	Cumulative year-to- date RM'000
<b>Segment Revenue:</b>		
Malaysia	31,449	31,449
People's Republic of China	77,015	77,015
Europe	11,710	11,710
	120,174	120,174
Adjustments	(47,102)	(47,102)
<b>Total</b>	<b>73,072</b>	<b>73,072</b>
<b>Segment Results:</b>		
Malaysia	5,865	5,865
People's Republic of China	420	420
Europe	945	945
	7,230	7,230
Adjustments	(1,171)	(1,171)
<b>Total</b>	<b>6,059</b>	<b>6,059</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 2013.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2012.

#### 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 2013.

#### 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 2012.

#### 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 2012.

#### 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 2013 is as follows:-

	RM'000
Capital expenditure approved and contracted for	4,654



**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 RM73.1 million for the first quarter ended 31 March 2013 (2012: RM97.5 million). Group pretax profit recorded in the current quarter was RM1.1 million (2012: RM4.5 million). The result was mainly due to slower demand from the disposable glove division during the quarter under review.

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

Sales for the first quarter 2013 amounted to RM73.1 million compared to RM78.4 million reported for the fourth quarter of 2012, a decrease of 7%. Pre-tax profit was also lower in the current quarter at RM1.1 million compared to RM5.7 million in the previous quarter, a decrease of 81%. These were mainly due to slower demand recorded from the disposable gloves division as well as lower production efficiency from its China operation due to the Chinese Lunar Year break in February that resulted in lesser working days.

**3. Current Year Prospects**

The Management foresees this year to be as challenging as year 2012. 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, the implementation of minimum wage in Malaysia and in China have impact on the Group's earnings. However, the management is mitigating the effects 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 the overall performance of the Group for the current year is expected to be satisfactory.

**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 2013 RM'000	Cumulative year-to- date RM'000
Current year – Malaysian income tax	745	745
Current year – Foreign income tax	158	158
Deferred Taxation	-	-
<b>Total income tax expense</b>	<b>903</b>	<b>903</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 2013.

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

There were no purchase and/or disposal of quoted securities for the current quarter ended 31 March 2013.

**8. Status of Corporate Proposals**

There are no corporate proposals not announced or outstanding as at 31 March 2013.

**9. Group Borrowings and Debt Securities**

	As at 31 March 2013		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	24,759	37,906	62,665
Term Loans	747	32,800	33,547
	<b>25,506</b>	<b>70,706</b>	<b>96,212</b>

**10. Financial Instruments Risks**

As at 31 March 2013, 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)	14,316	41,413	42,699	April – September 2013
Euro (EUR)	2,279	9,166	8,455	May – August 2013
		<b>50,579</b>	<b>51,154</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 2012.

**11. Changes in Material Litigation**

There is no outstanding material litigation as at 31 March 2013.



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

Group	Current period ended 31 March 2013 RM'000	Current period ended 31 March 2012 RM'000
Total retained profits/(loss):		
- Realised	41,045	29,279
- Unrealised	(516)	(2,006)
	<b>40,529</b>	<b>27,273</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 2013	Cumulative Year-to-Date ended 31 March 2012
Comprehensive income attributable to ordinary shareholders of the Company	RM'000	172	3,577
Weighted average number of ordinary shares in issue	Shares	227,338,917	201,529,451
<b>Basic EPS</b>	<b>sen</b>	<b>0.08</b>	<b>1.77</b>
Diluted weighted average number of ordinary shares in issue	Shares	227,338,917	227,890,647
<b>Fully diluted EPS</b>	<b>sen</b>	<b>0.08</b>	<b>1.57</b>

## 15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 23 May 2013.

**CHAN CHEE KHEONG (MAICSA 0810287)**

**CHANG POOI YEE (MAICSA 7036213)**

**Company Secretaries**

Ipoh, Perak

23 May 2013