



## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

### **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 2013.

The accounting policies and methods of computation adopted for the interim financial statements were consistent with those adopted for the annual audited financial statements for the year ended 31 December 2013.

#### **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 2013 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 2014.

#### **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 2014.

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

##### **6.1 Share Buy-back**

In the current quarter, the Company purchased 12,000 ordinary shares of RM0.50 each from Bursa Malaysia Securities Berhad, for a total consideration of RM8,038. The shares are currently maintained as Treasury Shares.

As at 30 June 2014, a total of 1,972,200 ordinary shares were held as Treasury Shares by the Company.

#### **7. Dividends Paid**

A first interim tax-exempt dividend of 1.5 sen per ordinary share of RM0.50 each held in respect of the current financial year was paid on 18 February 2014.



## 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 2014 RM'000	Cumulative year- to-date RM'000
<b>Segment Revenue:</b>		
Malaysia	39,230	75,744
People's Republic of China	66,055	130,234
Europe	14,571	28,406
	<hr/>	<hr/>
	119,856	234,384
Group adjustments	(46,040)	(89,409)
Total	<b>73,816</b>	<b>144,975</b>
<hr/>		
<b>Segment Results:</b>		
Malaysia	4,895	9,616
People's Republic of China	1,385	1,350
Europe	862	2,102
	<hr/>	<hr/>
	7,142	13,068
Group adjustments	(1,062)	(1,529)
Total	<b>6,080</b>	<b>11,539</b>
<hr/>		

## 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 2014.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2013.

## 10. Subsequent Events

There were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial period ended 30 June 2014.

## 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 2013.

## 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 2013.

## 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 2014 is as follows:-

	RM'000
Capital expenditure approved and contracted for	4,512



**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 RM73.8 million for the second quarter ended 30 June 2014 (2013: RM77.7 million). Group pretax profit recorded in the current quarter was RM5.1 million (2013: RM0.5 million). The increase in profit before tax was mainly due to better product mix and improved overall margins of our products.

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

Sales for the second quarter 2014 amounted to RM73.8 million compared to RM70.9 million reported for the first quarter, a slight increase of 4%. However, pre-tax profit was higher in the current quarter at RM5.1 million compared to RM4.5 million in the previous quarter, an increase of 13%. Overall demand for the Group's products remain stable, with the exception of vinyl disposable gloves which registered lower sales volume in the current quarter compared to the preceding quarter as the Group re-strategizes its marketing policies to focus on premium customers and market segments.

**3. Current Year Prospects**

The Group registered further improvement in pretax profit from RM4.5 million in the first quarter to RM5.1 million in the current quarter. The overall improvement was significantly driven by the recovery of the vinyl disposable gloves division in China which did not fare well in 2013.

Improvements in the Group's product mix and positive results from various cost savings measures as well as better operating efficiencies have also contributed to the overall improvement.

Barring any unforeseen circumstances, the Board and Management are optimistic of the Group's performance for the remainder of the 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 30 June 2014 RM'000	Cumulative year- to-date RM'000
Current year – Malaysian income tax	1,747	3,039
Current year – Foreign income tax	365	637
Deferred Taxation	-	-
Total income tax expense	<b>2,012</b>	<b>3,676</b>

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

There were no sales of unquoted investments and/or properties for the current quarter ended 30 June 2014.

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

There were no purchase and/or disposal of quoted securities for the current quarter ended 30 June 2014.



## 8. Status of Corporate Proposals

There were no corporate proposals not announced or outstanding as at 30 June 2014.

## 9. Group Borrowings and Debt Securities

	As at 30 June 2014		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	8,908	32,347	41,255
Term Loans	-	20,200	20,200
	<b>8,908</b>	<b>52,547</b>	<b>61,455</b>

## 10. Financial Instruments Risks

As at 30 June 2014, 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)	10,264	33,576	33,023	July 2014 – January 2015
Euro (EUR)	1,950	8,866	8,570	July 2014 – December 2014
		<b>42,442</b>	<b>41,593</b>	

The above foreign currency contracts were 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 2013.

## 11. Changes in Material Litigation

There was no outstanding material litigation as at 30 June 2014.

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

Group	Current period ended 30 June 2014 RM'000	Period ended 30 June 2013 RM'000
Total retained profits/(loss):		
- Realised	41,831	40,773
- Unrealised	1,442	24
	<b>43,273</b>	<b>40,797</b>

## 13. Dividend Payable

No dividend was proposed for the current quarter under review.



#### 14. Earnings per Share (“EPS”)

		Cumulative Year-to-Date ended 30 June 2014	Cumulative Year-to-Date ended 30 June 2013
Comprehensive income attributable to ordinary shareholders of the Company	RM'000	5,909	440
Weighted average number of ordinary shares in issue	Shares	227,316,617	227,337,250
<b>Basic EPS</b>	<b>sen</b>	<b>2.60</b>	<b>0.19</b>

#### 15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 27 August 2014.

**CHAN CHEE KHEONG (MAICSA 0810287)**

**YEE CHOY LEAN (MAICSA 7066912)**

**Company Secretaries**

Ipoh, Perak

27 August 2014