



## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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.

#### 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 September 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 September 2014.

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

##### 6.1 Share Buy-back

The Company did not carry out any Share Buy-back in the current quarter.

As at 30 September 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<br>ended<br>30 September 2014<br>RM'000 | Cumulative year-<br>to-date<br>RM'000 |
|----------------------------|---|---------------------------------------|
| <b>Segment Revenue:</b>    |   |                                       |
| Malaysia                   | 32,200  | 107,944                               |
| People's Republic of China | 73,865  | 204,099                               |
| Europe                     | 13,704  | 42,110                                |
|                            | <hr/>   | <hr/>                                 |
|                            | 119,769   | 354,153                               |
| Group adjustments          | (43,498)  | (133,157)                             |
| Total                      | <hr/> <b>76,271</b> <hr/>                               | <hr/> <b>220,996</b> <hr/>            |
| <b>Segment Results:</b>    |   |                                       |
| Malaysia                   | 9,809   | 19,425                                |
| People's Republic of China | 486   | 1,836                                 |
| Europe                     | 585   | 2,687                                 |
|                            | <hr/>   | <hr/>                                 |
|                            | 10,880  | 23,948                                |
| Group adjustments          | (5,099)   | (6,628)                               |
| Total                      | <hr/> <b>5,781</b> <hr/>                                | <hr/> <b>17,320</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 September 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 September 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 September 2014 is as follows:-

|   | RM'000 |
|---|--------|
| Capital expenditure approved and contracted for | 4,754  |



**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 RM76.3 million for the third quarter ended 30 September 2014 (2013: RM91.9 million). The decrease was due to the Group's strategic move to focus the sales of its products to only premium customers and the higher end market segments. Group pretax profit recorded in the current quarter was RM4.9 million (2013: RM0.6 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 third quarter 2014 amounted to RM76.3 million compared to RM73.8 million reported for the second quarter, a slight increase of 3%. However, pre-tax profit was slightly lower in the current quarter at RM4.9 million compared to RM5.1 million in the previous quarter, a decrease of 4%. Overall demand for the Group's products remains stable; the slightly lower pretax profit in the current quarter was mainly due to our product mix which registered lower profit margins compared to the previous quarter. However, the Group maintains its marketing policies to focus on premium customers and market segments.

**3. Current Year Prospects**

The Group registered a significant improvement in pretax profits to RM14.5 million for the first nine months ended 30 September 2014, from RM2.2 million in the same period of 2013. The increase was significantly driven by the recovery of the vinyl disposable gloves division in China which did not fare well in the previous year.

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<br>30 September 2014<br>RM'000 | Cumulative year-<br>to-date<br>RM'000 |
|-------------------------------------|--|---------------------------------------|
| Current year – Malaysian income tax | 1,600  | 4,639                                 |
| Current year – Foreign income tax   | 175  | 812                                   |
| Deferred Taxation                   | 100  | 100                                   |
| <b>Total income tax expense</b>     | <b>1,875</b>   | <b>5,551</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 September 2014.



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

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

**8. Status of Corporate Proposals**

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

**9. Group Borrowings and Debt Securities**

|   | As at 30 September 2014 |                     |                 |
|---|-------------------------|---------------------|-----------------|
|   | Secured<br>RM'000       | Unsecured<br>RM'000 | Total<br>RM'000 |
| Short Term borrowings including trade financing | 5,085                   | 28,695              | 33,780          |
| Term Loans                                      | -                       | 20,200              | 20,200          |
|   | <b>5,085</b>            | <b>48,895</b>       | <b>53,980</b>   |

**10. Financial Instruments Risks**

As at 30 September 2014, the Group has the following foreign currency contracts outstanding:-

| Currency             | Contracted<br>Amounts<br>'000 | Ringgit<br>Equivalent<br>RM'000 | Fair<br>Values<br>RM'000 | Expiry Periods                  |
|----------------------|-------------------------------|---------------------------------|--------------------------|---------------------------------|
| U.S. Dollar<br>(USD) | 12,020                        | 39,053                          | 39,639                   | October 2014 –<br>June 2015     |
| Euro<br>(EUR)        | 729                           | 3,089                           | 3,021                    | November 2014 –<br>January 2015 |
|                      |                               | <b>42,142</b>                   | <b>42,660</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 September 2014.

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

| Group                          | Current period ended<br>30 September 2014<br>RM'000 | Period ended<br>30 September 2013<br>RM'000 |
|--------------------------------|---|---|
| Total retained profits/(loss): |   |   |
| - Realised                     | 44,608  | 41,365                                      |
| - Unrealised                   | 1,699   | (513)                                       |
|                                | <b>46,307</b>                                       | <b>40,852</b>                               |



### 13. Dividend Payable

#### Notice of book closure

**NOTICE IS HEREBY GIVEN** that a second interim tax-exempt dividend of 2.0 sen per ordinary share of RM0.50 each in respect of the financial year ending 31 December 2014 will be payable on 19 December 2014. The entitlement date for the dividend payment is 05 December 2014.

A Depositor shall qualify for entitlement only in respect of:-

- (i) Shares transferred into the Depositor's securities account before 4:00 p.m. on 05 December 2014 in respect of ordinary transfer; and
- (ii) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

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

|   |            | Cumulative<br>Year-to-Date<br>ended<br>30 September<br>2014 | Cumulative<br>Year-to-Date<br>ended<br>30 September<br>2013 |
|---|------------|---|---|
| Comprehensive income attributable to ordinary shareholders of the Company | RM'000     | 8,942   | 495   |
| Weighted average number of ordinary shares in issue                       | Shares     | 227,313,617   | 227,334,750   |
| <b>Basic EPS</b>  | <b>sen</b> | <b>3.93</b>   | <b>0.22</b>   |

### 15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 10 November 2014.

**CHAN CHEE KHEONG (MAICSA 0810287)**

**Company Secretary**

Huizhou City, Guangdong Province

People's Republic of China

10 November 2014