



## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 financial statements ended 31 December 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 financial statements ended 31 December 2014.

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

##### 6.1 Share Buy-back

In the current quarter, the Company purchased 10,000 ordinary shares of RM0.50 each from Bursa Malaysia Securities Berhad, for a total consideration of RM6,649. The shares are currently maintained as Treasury Shares.

As at 31 December 2014, a total of 1,982,200 ordinary shares were held as Treasury Shares by the Company.

#### 7. Dividends Paid

Tax-exempt dividends of 1.5 sen and 2.0 sen per ordinary share of RM0.50 each held in respect of the current financial year was paid on 18 February 2014 and 19 December 2014 respectively.

#### 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 2014 RM'000	Cumulative year- to-date RM'000
<b>Segment Revenue:</b>		
Malaysia	42,305	150,249
People's Republic of China	66,079	270,178
Europe	13,821	55,931
	<hr/>	<hr/>
	122,205	476,358
Group adjustments	(46,850)	(180,007)
Total	<hr/> <b>75,355</b> <hr/>	<hr/> <b>296,351</b> <hr/>
<b>Segment Results:</b>		
Malaysia	(3,793)	15,632
People's Republic of China	118	1,954
Europe	858	3,545
	<hr/>	<hr/>
	(2,817)	21,131
Group adjustments	5,737	(891)
Total	<hr/> <b>2,920</b> <hr/>	<hr/> <b>20,240</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 financial period ended 31 December 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 financial period ended 31 December 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 31 December 2014 is as follows:-

	RM'000
Capital expenditure approved and contracted for	10,255



**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 RM75.4 million for the fourth quarter ended 31 December 2014 (2013: RM82.7 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 RM2.0 million (2013: RM2.2 million). The slight decrease in profit before tax was mainly due to unrealized foreign exchange losses brought on by the sudden weakening of the Ringgit against our major trading currencies such as USD and EURO.

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

Sales for the fourth quarter 2014 amounted to RM75.4 million compared to RM76.3 million reported for the third quarter, a slight decrease of 1%. Pre-tax profit was also lower in the current quarter at RM2.0 million compared to RM4.9 million in the previous quarter, a decrease of 59% owing to the unrealized foreign exchange losses as explained above. Overall demand for the Group's products remains stable; the Group maintains its marketing policies to focus on premium customers and market segments that can yield higher profit margins.

**3. Current Year Prospects**

For the financial year ended 31 December 2014, the Group achieved an improved pre-tax profits of RM16.5 million compared to RM4.4 million in the previous financial year. Net profits also increased from RM0.4 million to RM10.1 million in the current financial year. The 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 increase in profits.

In an effort to improve its earnings base, the Group has been actively involved in developing other types of gloves, specifically nitrile disposable gloves, since the second half of 2014. The initial phase of this new facility is expected to commence commercial production by the second quarter of 2015. The Management is optimistic that this new product will enhance the long term prospects of the Group.

**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 2014 RM'000	Cumulative year- to-date RM'000
Current year – Malaysian income tax	1,343	5,979
Current year – Foreign income tax	244	1,056
Deferred Taxation	(730)	(627)
Total income tax expense	<b>857</b>	<b>6,408</b>



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

There were no sales of unquoted investments and/or properties for the current quarter ended 31 December 2014.

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

There were no purchase and/or disposal of quoted securities for the current quarter ended 31 December 2014.

**8. Status of Corporate Proposals**

There were no corporate proposals not announced or outstanding as at 31 December 2014.

**9. Group Borrowings and Debt Securities**

	As at 31 December 2014		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	8,478	28,025	36,503
Term Loans	-	31,800	31,800
	<b>8,478</b>	<b>59,825</b>	<b>68,303</b>

**10. Financial Instruments Risks**

As at 31 December 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)	12,118	40,147	42,458	January 2015 - August 2015
Euro (EUR)	3,200	13,444	13,615	January 2015 – July 2015
		<b>53,591</b>	<b>56,073</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 31 December 2014.



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

Group	Current period ended 31 December 2014 RM'000	Period ended 31 December 2013 RM'000
Total retained profits/(loss):		
- Realised	44,782	41,773
- Unrealised	(1,829)	(998)
	<b>42,953</b>	<b>40,775</b>

## 13. Dividend Payable

No dividend was proposed for the current quarter ended 31 December 2014.

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

		Cumulative Year-to-Date ended 31 December 2014	Cumulative Year-to-Date ended 31 December 2013
Comprehensive income attributable to ordinary shareholders of the Company	RM'000	10,134	418
Weighted average number of ordinary shares in issue	Shares	227,308,950	227,330,534
<b>Basic EPS</b>	<b>sen</b>	<b>4.46</b>	<b>0.18</b>

## 15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 27 February 2015.

**CHAN CHEE KHEONG (MAICSA 0810287)**

**Company Secretary**

Ipoh, Perak.

27 February 2015