NOTES TO THE QUARTERLY FINANCIAL REPORT

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended December 31, 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended December 31, 2012.

The significant accounting policies and presentation adopted by the Group for the interim financial statements are consistent with those of the Group's consolidated audited financial statements for the financial year ended December 31, 2012 except for the adoption of the following:

FRSs, Revised FRSs and Amendments to FRSs		Effective date
FRS 10	Consolidated Financial Statements	January 1, 2013
FRS 12	Disclosure of Interests in Other Entities	January 1, 2013
FRS 13	Fair Value Measurement	January 1, 2013
FRS 119	Employee Benefits (Revised)	January 1, 2013
FRS 127	Separate Financial Statements (Revised)	January 1, 2013
FRS 128	Investment in Associates and Joint Ventures (Revised)	January 1, 2013
Amendment to FRS 116	Property, Plant & Equipment [Improvements to FRSs (2012)]	January 1, 2013
Amendment to FRS 132	Financial Instruments: Presentation [Improvements to FRSs (2012)]	January 1, 2013
Amendment to FRS 134	Interim Financial Reporting [Improvements to FRSs (2012)]	January 1, 2013

The adoption of the FRSs, revised FRSs and amendments to FRSs do not have significant financial impact on the financial statements of the Group and of the Company.

Malaysian Financial Reporting Standards ("MFRSs")

On November 19, 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual financial periods beginning on or after January 1, 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual financial periods beginning on or after January 1, 2013. On July 4, 2012, the MASB has decided to allow Transitioning Entities to defer the adoption of the MFRS Framework for another year. The MFRS Framework will therefore be mandated for all companies for annual financial periods beginning on or after January 1, 2014. On August 7, 2013, the MASB has decided to extend the transitional period for another year, i.e. the adoption of the MFRS Framework by all entities for annual financial periods beginning on or after January 1, 2015.

A subsidiary and an associate of the Group fall within the scope of definition of Transitioning Entities and have opted to defer the adoption of the new MFRS Framework and accordingly, the Group will be required to prepare its first set of financial statements using the MFRS Framework for the financial year ending December 31, 2015.

The three subsidiaries which are not Transitioning Entities had adopted MFRS on January 1, 2012.

The Group and the Company are currently assessing the impact of adoption of MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As of the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's and the Company's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

A2 Audit report

The audit report of the preceding annual financial statements was not qualified.

A3 Seasonal or cyclical factors

The operations of the Group during the financial period under review have not been materially affected by any seasonal or cyclical factors.

A4 Unusual items

There were no items during this quarter affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.

A5 Changes in estimates

The same estimates reported in the previous financial year were used in preparing the financial statements for the current quarter.

There were no other changes in estimates of amounts reported in previous financial year, which have a material effect in the current quarter.

A6 Debt and Equity Securities

During the current quarter, the Company repurchased 171,200 units of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM595,780 including transaction costs and has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares was RM3.48. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

During the current quarter, the Company had disposed of 265,000 treasury shares valued at RM2.84 for a total net consideration of RM753,404 in the open market, resulting in a surplus of RM75,261 which has been credited to the share premium account.

A7 Dividend Paid

	6 months ended	
	30.06.2013	30.06.2012
	RM'000	RM'000
Fourth interim dividend paid for the financial year 2012: 3.50 sen tax exempt per ordinary share paid on April 12, 2013 (2012: 4.00 sen tax exempt per ordinary share for the financial year 2011 paid on March 23, 2012).	**3,977**	2,992
First interim dividend paid for the financial year 2013: 4.00 sen tax exempt per ordinary share paid on June 7, 2013 (2012: 3.50 sen tax exempt per ordinary share paid on June 8, 2012)	**4,553**	2,654
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A8 Related party transactions

As of June 30, 2013, the significant related party transactions of the Group were as follows:

	6 months ended	
	30.06.2013	30.06.2012
	RM'000	RM'000
Associate		
Skyline Resources (M) Sdn. Bhd.*		
- Management fee	**185**	-
Other related parties		
Modern Baking Pty. Ltd. ^		
- Sales of goods	**-**	216
Unibic Australia Pty. Ltd. ^		
- Sales of goods	**-**	1,064
Director		
James Edwin & Co. @		
- Legal fee paid	**18**	15
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* A company in which certain directors have substantial financial interest.

^ A company in which former director/(s) of a subsidiary has substantial financial interest.

@ A firm in which a director is a member for services rendered in a professional capacity.

A9 Contingent liabilities

As of June 30, 2013, the Company has issued a corporate guarantee for RM500,000 and a Standby Letter of Credit for Australian Dollar 500,000 (equivalent to RM1,474,250) in respect of credit facilities granted by licensed banks to its subsidiaries. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities utilised by the subsidiaries.

A10 Segmental analysis

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

For management purposes, the Group is organised into the following operating divisions:

- Packaging - manufacture and marketing of flexible packaging materials
- Property development - development of land into residential and commercial building properties

Segment Revenue and Results
Segment information for the six months ended June 30, 2013 was as follows:

	Packaging RM'000	Property development RM'000	Eliminations RM'000	Group RM'000
2013				
Revenue	**140,854**	**1,992**	**-**	**142,846**
Results				
Segment results	**17,805**	**257**	**-**	**18,062**
Unallocated costs				**(215)**
Profit from operations				**17,847**
Finance costs				**(449)**
Share of results of an associate	**-**	**175**	**-**	**175**
Profit before tax				**17,573**

Segment information for the six months ended June 30, 2012 was as follows:

	Packaging RM'000	Property development RM'000	Eliminations RM'000	Group RM'000
2012				
Revenue	137,778	1,557	-	139,335
Results				
Segment results	16,349	537	-	16,886
Unallocated costs				(257)
Profit from operations				16,629
Finance costs				(514)
Share of results of an associate	-	(128)	-	(128)
Profit before tax				15,987

Unallocated costs represent common costs and expenses incurred in dormant subsidiaries.

Geographical Information
The Group operates in two principal geographical areas - Malaysia (country of domicile) and Australia.

The Group's revenue from continuing operations from external customers and information about its non-current assets* by geographical location information for the three months ended are as follows:

	Group	
	30.06.2013	30.06.2012
	RM'000	RM'000
Revenue		
Malaysia	**123,711**	118,999
Australia	**19,135**	20,336
	142,846	139,335
Non-current assets *		
Malaysia	**90,845**	86,954
Australia	**221**	326
	91,066	87,280

* Non-current assets excluding investment in an associate and deferred tax assets.

A11 Capital Commitments
Capital commitments not provided for in the financial statements as of June 30, 2013 were as follows: -

	RM'000
Property, plant and equipment	
- Authorised and contracted for	18,516
- Authorised but not contracted for	900

A12 Subsequent events
There were no material events subsequent to June 30, 2013 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report.

A13 Changes in the Composition of the Group
There were no changes in the composition of the Group during the financial quarter ended June 30, 2013 including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring and discontinuing operations.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1 Review of Performance

The Group's performance for the quarter under review compared with the corresponding quarter of the previous financial year is as tabled below:

	Packaging			Property			Total		
	2Q13 RM'000	2Q12 RM'000	% Change	2Q13 RM'000	2Q12 RM'000	% Change	2Q13 RM'000	2Q12 RM'000	% Change
Revenue	69,214	69,019	0	246	1,557	-84	**69,460**	**70,576**	**-2**
PBT	7,963	8,186	-3	108	607	-82	**8,071**	**8,793**	**-8**

Compared to the corresponding quarter last year, the Group recorded a slight 2% decrease in revenue. This was mainly attributable to the lower revenue recorded in the property segment by 84% in tandem with the phasing out of the Group's property development activities. Revenue from the packaging segment was sustained.

Meanwhile, the Group's PBT has decreased by 8% as compared to last year's corresponding quarter. The decline in profitability was largely due to the lower contribution from the property division.

The Group's half-yearly performance is tabled below:

	Packaging			Property			Total		
	1H13 RM'000	1H12 RM'000	% Change	1H13 RM'000	1H12 RM'000	% Change	1H13 RM'000	1H12 RM'000	% Change
Revenue	140,854	137,778	2	1,992	1,557	28	**142,846**	**139,335**	**3**
PBT	17,141	15,578	10	432	409	6	**17,573**	**15,987**	**10**

The Group's revenue for the six months ended June 30, 2013 was higher by 3% as compared to last year's corresponding period. Additionally, Group PBT recorded higher growth of 10% to RM17.57 million as compared to RM15.99 million previously.

The **packaging segment** recorded revenue of RM140.85 million for the six months ended June 30, 2013 as compared to RM137.78 million for the corresponding period in the previous year, representing an increase of 2% in revenue. PBT increased by 10% to RM17.14 million as compared to RM15.58 million previously mainly attributable to improvement in wastage control and higher sales volume.

For the six months ended June 30, 2013, contribution from the **property segment** amounted to RM432,000 as compared to RM409,000 for the corresponding period in the previous year. The increase in sales has resulted in a marginal increase in the contribution from the property segment.

There were no other material factors affecting the earnings and/or revenue of the Group for the current period.

B2 Material Changes in Profit Before Tax for the Quarter Reported On As Compared with the Immediate Preceding Quarter

The Group's current quarter performance as compared to that of the preceding quarter is tabled below:

	Packaging			Property			Total		
	2Q13 RM'000	1Q13 RM'000	% Change	2Q13 RM'000	1Q13 RM'000	% Change	2Q13 RM'000	1Q13 RM'000	% Change
Revenue	69,214	71,640	-3	246	1,746	-86	**69,460**	**73,386**	**-5**
PBT	7,963	9,178	-13	108	324	-67	**8,071**	**9,502**	**-15**

During the current quarter, there was a decrease in the Group's revenue by 5% to RM69.46 million from RM73.39 million in the previous quarter. The Group's PBT of RM8.07 million represented a 15% reduction from RM9.50 million.

The **packaging segment** recorded a slight decrease of 3% in revenue for the three months ended June 30, 2013 as compared to the preceding quarter. Profit was affected by unfavourable exchange rates particularly in Australian dollars, increase in prices of certain raw materials as well as lower sales during the quarter.

The slight decrease in revenue was attributed to lower sales volume as a result of slower demand from our customers. The Group has not encountered any loss of key customers.

For the quarter under review, the lower sales recognised from the **property segment** has resulted in a decrease in contribution.

B3 Prospects

Piling of the new plant – Daibochi Films Complex – has been completed with ongoing works on the steel structure, roofing, brick wall and plastering. The construction of the plant is targeted for completion by the fourth quarter of 2013 as scheduled. In line with the expansion plans for the new plant, the Company has already contracted the purchase of a film making and a metallising machine which are scheduled to arrive by the last quarter of 2013.

Prices of certain major raw materials have been on the uptrend since the second quarter of 2013, possibly due to crude oil price. On July 19, 2013, crude oil price registered a record high of USD109.32 per barrel. Prices of our major raw materials will face upward pressure should the crude oil price remain high at above the USD100 per barrel level. Although the Company has a cost pass through mechanism for most of its customers, the continued volatile prices of raw materials could result in some margin squeeze as there is a time lag in the pricing mechanism.

In the second half of the year, significant export revenue from new customers is anticipated to materialise. Trial runs and scale up trials have been successfully completed with commercial production expected in the third quarter of 2013. Thus, the Company is positive of its 2013 prospects as we are expecting a double digit growth in revenue in the second half of 2013 compared to the first half. The Board is optimistic that the Group is on track to achieve another record year in revenue.

B4 Profit Forecast or Profit Guarantee

No profit forecast or profit guarantee was provided.

B5 Profit Before Tax

Profit before tax is arrived at after (crediting)/charging:

	3 months ended		**6 months ended**	
	30.06.2013	30.06.2012	**30.06.2013**	30.06.2012
	RM'000	RM'000	**RM'000**	RM'000
Interest income	**(26)**	(40)	**(58)**	(67)
Other operating income	**(545)**	(771)	**(1,110)**	(2,011)
(Gain)/Loss on disposal of property, plant and equipment	**(61)**	2	**(77)**	(9)
Interest expense	**235**	229	**449**	514
Depreciation of property, plant and equipment	**2,366**	2,204	**4,707**	4,277
Reversal of impairment loss on trade receivables	**-**	(5)	-	(5)
(Reversal of inventories write-down)/Inventories write-down -net	**(147)**	(266)	**4**	257
Foreign exchange loss/(gain)	**661**	(509)	**530**	111
(Gain)/Loss on derivatives	**(277)**	202	**(258)**	131

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

B6 Income Tax Expense

	3 months ended		6 months ended	
	30.06.2013	30.06.2012	**30.06.2013**	30.06.2012
	RM'000	RM'000	**RM'000**	RM'000
Current:				
- Malaysian Tax	**1,672**	1,848	**3,476**	3,333
- Foreign Tax	**18**	152	**191**	311
- Under provision in prior year	**2**	**-**	**2**	-
	1,692	2,000	**3,669**	3,644
Deferred tax:				
- Current	**364**	254	**777**	519
	2,056	2,254	**4,446**	4,163

B7 Status of Corporate Proposals

There were no corporate proposals announced as of the date of this quarterly report.

B8 Group Borrowings

Details of the Group's borrowings as of June 30, 2013 were as follows: -

	Current RM'000	**Non-Current RM'000**
Unsecured - Ringgit Malaysia	20,498	5,442
Unsecured - United States Dollar	12,741	401
Secured - Ringgit Malaysia	272	360
	33,511	6,203

B9 Financial instruments

The Group enters into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuations on trade transactions.

As of June 30, 2013, the Group has the following outstanding derivatives:-

	Principal or Notional Amount RM'000	**Fair Value RM'000**	**Net Gain RM'000**
Foreign currency forward contracts:-			
Sell AUD (less than 1 year)	3,002	2,920	82
Buy EUR (less than 1 year)	5,683	5,822	139
			221

There is no change to the Group's financial risk management policies in managing these derivatives, its related accounting policies and the market risk associated with these derivatives since the last financial year.

B10 Material litigation

There was no pending material litigation as of the date of this quarterly report.

B11 Dividends

The Board is pleased to declare a second interim tax exempt dividend of 3.00 sen for the financial year ending December 31, 2013 and the said dividend will be paid on September 27, 2013 (2012: 6.00 sen tax exempt) to shareholders whose names appear on the Company's Record of Depositors on September 10, 2013.

B12 Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the financial period under review attributable to owners of the Company by the weighted average number of ordinary shares in issue during the said financial period, adjusted by the number of ordinary shares repurchased and disposed during the financial period under review.

	3 Months ended		6 Months ended	
	30.06.2013	30.06.2012 (Restated)	**30.06.2013**	30.06.2012 (Restated)
Profit attributable to owners of the Company (RM'000)	**6,015**	6,387	**13,127**	11,490
Weighted average number of ordinary shares in issue ('000):				
Issued ordinary shares as of January 1	**113,853**	113,853	**113,853**	113,853
Effect of treasury shares held	**(98)**	(507)	**(268)**	(878)
Weighted average number of ordinary shares as of June 30	**113,755**	113,346	**113,585**	112,975
Basic earnings per share (sen)	**5.29**	5.64	**11.56**	10.17

For comparative purpose, the earnings per ordinary share for the quarter/period ended June 30, 2012 had been adjusted to reflect the bonus issue of 1 for every 2 ordinary shares held by the entitled shareholders, par value RM1 each which was completed on September 10, 2012.

Diluted earnings per ordinary share are not presented as there are no dilutive potential ordinary shares outstanding during the financial periods.

B13 Disclosure of realised and unrealised earnings

The breakdown of retained earnings of the Group as of the reporting date, into realised and unrealised profits or losses, pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements, are as follows:

	30.06.2013 RM'000	31.12.2012 RM'000
Total retained earnings of the Group:-		
- Realised	**51,388**	47,243
- Unrealised	**(6,813)**	(6,143)
	44,575	41,100
Total share of retained earnings from an associate:-		
- Realised	**942**	767
- Unrealised	**1**	1
	45,518	41,868
Less: Consolidation adjustments	**(6,226)**	(7,173)
Total Group retained earnings	**39,292**	34,695

By Order of the Board

Ms TAN GAIK HONG, MIA 4621
Secretary
Melaka

Dated: August 22, 2013
c.c. Securities Commission