

Condensed Unaudited Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
For the financial period ended 31 October 2012

	3 months quarter ended <u>31.10.2012</u> RM'000 (Unaudited)	3 months quarter ended <u>31.10.2011</u> RM'000 (Unaudited)	Cumulative 9 months <u>31.10.2012</u> RM'000 (Unaudited)	Cumulative 9 months <u>31.10.2011</u> RM'000 (Unaudited)
Revenue	33,600	24,830	95,051	86,992
Cost of sales	<u>(40,469)</u>	<u>(28,012)</u>	<u>(104,811)</u>	<u>(96,615)</u>
Gross (loss)/profit	(6,869)	(3,182)	(9,760)	(9,623)
Other operating income	45	978	946	2,236
Selling expenses	(456)	(273)	(1,110)	(1,137)
Administrative expenses	(1,798)	(1,698)	(5,442)	(6,445)
Finance costs	(869)	(1,130)	(2,658)	(2,992)
Loss before taxation	<u>(9,948)</u>	<u>(5,305)</u>	<u>(18,024)</u>	<u>(17,961)</u>
Taxation	<u>10</u>	<u>10</u>	<u>25</u>	<u>31</u>
Net loss for the financial period	(9,937)	(5,295)	(17,999)	(17,930)
Other comprehensive loss for the financial period, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the financial period	<u>(9,937)</u>	<u>(5,295)</u>	<u>(17,999)</u>	<u>(17,930)</u>
Loss attributable to: Owners of the parent	<u>(9,937)</u>	<u>(5,295)</u>	<u>(17,999)</u>	<u>(17,930)</u>
Total comprehensive loss attribute to: Owners of the parent	<u>(9,937)</u>	<u>(5,295)</u>	<u>(17,999)</u>	<u>(17,930)</u>
Loss per ordinary share attributable to owners of the parent (cent)				
- Basic	(1.68)	(0.98)	(3.04)	(3.32)
- Diluted	(1.68)	(0.71)	(3.04)	(2.42)

The Condensed Unaudited Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended 31 January 2012

Condensed Unaudited Consolidated Statement of Financial Position
As at 31 October 2012

	As at <u>31.10.2012</u> RM'000 (Unaudited)	As at <u>31.01.2012</u> RM'000 (Audited)
Assets		
Property, plant and equipment	64,685	70,756
Goodwill	-	-
Total non-current assets	<u>64,685</u>	<u>70,756</u>
Inventories	22,544	36,368
Trade and other receivables	23,130	22,226
Derivative asset	2	-
Fixed deposits	43,000	46,000
Cash and bank balances	2,081	2,646
Total current assets	<u>90,758</u>	<u>107,240</u>
Total assets	<u>155,443</u>	<u>177,996</u>
Equity		
Share capital	118,405	118,405
Reserves	(54,215)	(36,215)
Total equity attributable to owners of the parent	<u>64,190</u>	<u>82,191</u>
Liabilities		
Borrowings	11,165	15,429
Hire purchase payables - long term	67	81
Deferred tax liabilities	303	334
Total non-current liabilities	<u>11,535</u>	<u>15,845</u>
Trade and other payables	13,169	14,720
Bank Overdraft	7,787	8,164
Short term borrowings	58,741	57,030
Hire purchase payables - short term	19	47
Total current liabilities	<u>79,716</u>	<u>79,961</u>
Total liabilities	<u>91,252</u>	<u>95,806</u>
Total equity and liabilities	<u>155,442</u>	<u>177,996</u>
Net assets per share attributable to owners of the parent (sen)	11	14

The Condensed Unaudited Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2012

**Condensed Unaudited Consolidated Statement of Changes in Equity
For the financial period ended 31 October 2012**

	Share Capital RM'000	Attributable to owners of the parent			Other Reserves RM'000	Distributable Accumulated Losses RM'000	Total RM'000
		Capital Reserves RM'000	Warrant Reserves RM'000	<u>Non-Distributable</u>			
At 1 February 2012	118,405	-	10,609	11,319	(58,143)	82,190	
Total comprehensive loss for the financial year	-	-	-	-	(17,999)	(17,999)	
At 31 October 2012	118,405	-	10,609	11,319	(76,143)	64,190	
At 1 February 2011	118,405	-	10,609	11,319	(36,773)	103,560	
Total comprehensive loss for the financial year	-	-	-	-	(17,930)	(17,930)	
At 31 October 2011	118,405	-	10,609	11,319	(54,703)	85,630	

The Condensed Unaudited Consolidated Statement Of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2012

Condensed Unaudited Consolidated Statement of Cash Flow
For the financial period ended 31 October 2012

	9 months ended 31.10.2012 RM'000 (Unaudited)	9 months ended 31.10.2011 RM'000 (Unaudited)
Cash flows from operating activities		
Loss before taxation	(18,024)	(17,962)
Adjustments for:		
Non-cash items	6,927	9,064
Interest expense	3,132	2,992
Interest income	(828)	(378)
Operating (loss)/profit before working capital changes	<u>(8,793)</u>	<u>(6,284)</u>
Changes in working capital:		
Net change in current assets	12,896	493
Net change in current liabilities	<u>(1,551)</u>	<u>(10,488)</u>
Cash used in from operations	2,553	(16,279)
Interest paid	(474)	(1,224)
Tax refund/(paid)	14	(6)
Net cash used in from operating activities	<u>2,093</u>	<u>(17,509)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(861)	(8,779)
Proceeds from disposal of property, plant and equipment	5	-
Reclassifications - FRS	-	13
Insurance claim	-	155
Interest received	828	378
Net cash (used in)/ generated from investing activities	<u>(27)</u>	<u>(8,233)</u>
Cash flows from financing activities		
Drawdown of bank borrowings	-	23,201
Repayment of bank borrowings	(2,553)	(16,124)
Repayment of hire purchase	(42)	(186)
Interest paid	<u>(2,658)</u>	<u>(1,768)</u>
Net cash generated from financing activities	<u>(5,253)</u>	<u>5,125</u>
Net changes in cash and cash equivalents	(3,188)	(20,618)
Cash and cash equivalents at beginning of the financial year	<u>40,482</u>	<u>65,203</u>
Cash and cash equivalents at end of the financial year	<u>37,294</u>	<u>44,586</u>
Cash and cash equivalents comprise:		
Cash and bank balances	2,081	966
Fixed deposits	43,000	52,000
Bank overdraft	<u>(7,787)</u>	<u>(8,380)</u>
	<u>37,294</u>	<u>44,586</u>
Less: Fixed deposits to licensed bank	<u>-</u>	<u>-</u>
	<u>37,294</u>	<u>44,586</u>

The Condensed Unaudited Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statement for the financial year ended 31 January 2012

Notes to the unaudited interim financial report

1. Basis of preparation

This unaudited interim financial report has been prepared in accordance with the Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting and the provisions of the Companies Act, 1965 in Malaysia. This unaudited interim financial report also complies with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The audited interim financial report has been prepared in accordance with the same significant accounting policies adopted in the annual financial statements for the financial year ended 31 January 2012.

The preparation of the unaudited interim financial report requires management to make judgements, estimates and assumptions that affect the application of significant accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This unaudited interim financial report contains condensed unaudited consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 January 2012. The condensed unaudited consolidated interim financial statements and the notes thereon do not include all the information required for full set of financial statements prepared in accordance with FRSs.

Adoption of Financial Reporting Standards (“FRSs”)

The Group and the Company adopted the following new and revised FRSs, amendments/improvements to FRSs, IC Interpretations (“IC Int”) and amendments to IC Int that are relevant to their operations and are mandatory for the current financial year:

Revised FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements

Amendments/Improvements to FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
FRS 138	Intangible Assets
FRS 139	Financial Instruments: Recognition and Measurement

IC Int

IC Int 4	Determining Whether an Arrangement contains a Lease
IC Int 12	Service Concession Arrangements
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distributions of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers

Amendments to IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 13	Customer Royalty Programmes

Adoption of the above standards and interpretations did not have any effect on the financial performance, position or presentation of financials of the Group and of the Company, except as disclosed below:-

2 BASIS OF PREPARATION (Continued)

2.1 Adoption of Financial Reporting Standards (“FRSs”)

FRS 3 Business Combinations (revised)

The group has applied FRS 3, Business Combination (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

FRS 7 Improving Disclosures about Financial Instruments (revised)

Prior to 1 January 2011, information about financial instruments was disclosed in accordance with the requirements of FRS 7 Financial Instruments: Disclosures. Amendments to FRS 7 require enhanced disclosures about fair value measurements in which a three-level fair value hierarchy was introduced. Each class of financial instrument is to be classified in accordance to this hierarchy which reflects the inputs used in making the fair value measurement. It also reinforces the existing principles for disclosures on liquidity and credit risks.

The new requirement on the three-level fair value hierarchy has been applied prospectively in accordance with the transitional provisions of the FRS 7 Amendments. The adoption of this amendment did not have any financial impact to the Group and the Company.

FRS 127 Consolidated and Separate Financial Statements (Revised)

The Group applied FRS 127, Consolidated and Separate Financial Statements (revised) since the beginning of the reporting period. In accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Any loss applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2 BASIS OF PREPARATION (Continued)

2.2 New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards that have been issued, but are not yet effective and have not been adopted early

Following the announcement made by the Malaysian Accounting Standards Board on 19 November 2011, the Group’s and the Company’s financial statements from the annual period beginning 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) framework.

The new MFRSs that have been issued but are not yet effective for the Group and for the Company are as follows:-

	Effective for financial periods beginning on or after
<u>New MFRSs</u>	
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2012
MFRS 2 Share-based Payment	1 January 2012
MFRS 3 Business Combinations	1 January 2012
MFRS 4 Insurance Contracts	1 January 2012
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2012
MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2012
MFRS 7 Financial Instruments: Disclosures	1 January 2012
MFRS 8 Operating Segments	1 January 2012
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 101 Presentation of Financial Statements	1 January 2012
MFRS 102 Inventories	1 January 2012
MFRS 107 Statement of Cash Flows	1 January 2012
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2012
MFRS 110 Events After the Reporting Period	1 January 2012
MFRS 111 Construction Contracts	1 January 2012
MFRS 112 Income Taxes	1 January 2012

2 BASIS OF PREPARATION (Continued)

2.2 New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards that have been issued, but are not yet effective and have not been adopted early (Continued)

	Effective for financial periods beginning on or after
<u>New MFRSs (Continued)</u>	
MFRS 116 Property, Plant and Equipment	1 January 2012
MFRS 117 Leases	1 January 2012
MFRS 118 Revenue	1 January 2012
MFRS 119 Employee Benefits	1 January 2012
MFRS 120 Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
MFRS 121 The Effects of Changes in Foreign Exchange Rates	1 January 2012
MFRS 123 Borrowing Costs	1 January 2012
MFRS 124 Related Party Disclosures	1 January 2012
MFRS 126 Accounting and Reporting by Retirement Benefit Plans	1 January 2012
MFRS 127 Consolidated and Separate Financial Statements	1 January 2012
MFRS 128 Investments in Associates	1 January 2012
MFRS 129 Financial Reporting in Hyperinflationary Economies	1 January 2012
MFRS 131 Interests in Joint Ventures	1 January 2012
MFRS 132 Financial Instruments: Presentation	1 January 2012
MFRS 133 Earnings Per Share	1 January 2012
MFRS 134 Interim Financial Reporting	1 January 2012
MFRS 136 Impairment of Assets	1 January 2012
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2012
MFRS 138 Intangible Assets	1 January 2012
MFRS 139 Financial Instruments: Recognition and Measurement	1 January 2012
MFRS 140 Investment Property	1 January 2012
MFRS 141 Agriculture	1 January 2012
<u>Amendments to MFRS</u>	
MFRS 101 Presentation of Financial Statements	1 July 2012
<u>Revised MFRS</u>	
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013

2 BASIS OF PREPARATION (Continued)

2.2 New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards that have been issued, but are not yet effective and have not been adopted early (Continued)

		Effective for financial periods beginning on or after
<u>IC Int</u>		
IC Int 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2012
IC Int 2	Members’ Shares in Co-operative Entities and Similar Instruments	1 January 2012
IC Int 4	Determining whether an Arrangement contains a Lease	1 January 2012
IC Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2012
IC Int 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 January 2012
IC Int 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies	1 January 2012
IC Int 9	Reassessment of Embedded Derivatives	1 January 2012
IC Int 10	Interim Financial Reporting and Impairment	1 January 2012
IC Int 12	Service Concession Arrangements	1 January 2012
IC Int 13	Customer Loyalty Programmes	1 January 2012
IC Int 14	MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2012
IC Int 15	Agreements for the Construction of Real Estate	1 January 2012
IC Int 16	Hedges of a Net Investment in a Foreign Operation	1 January 2012
IC Int 17	Distributions of Non-cash Assets to Owners	1 January 2012
IC Int 18	Transfers of Assets from Customers	1 January 2012
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2012
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IC Int 107	Introduction of the Euro	1 January 2012
IC Int 110	Government Assistance - No Specific Relation to Operating Activities	1 January 2012
IC Int 112	Consolidation - Special Purpose Entities	1 January 2012
IC Int 113	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	1 January 2012
IC Int 115	Operating Leases - Incentives	1 January 2012
IC Int 125	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	1 January 2012
IC Int 127	Evaluating the Substance of Transactions	1 January 2012

Involving the Legal Form of a Lease

2 BASIS OF PREPARATION (Continued)**2.2 New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards that have been issued, but are not yet effective and have not been adopted early (Continued)**

	Effective for financial periods beginning on or after
<u>IC Int (Continued)</u>	
IC Int 129 Service Concession Arrangements: Disclosures	1 January 2012
IC Int 131 Revenue - Barter Transactions Involving Advertising Services	1 January 2012
IC Int 132 Intangible Assets - Web Site Costs	1 January 2012

Effective Date and Applicability*(i) MFRS framework*

Entities Other Than Private Entities shall apply the MFRS framework for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate*.

A Private Entity shall comply with either the Private Entity Reporting Standards in its entirety or the MFRS Framework in its entirety for annual periods beginning on or after 1 January 2012.

Early application of the MFRS framework is permitted.

(ii) Entities subject to the application of MFRS 141 and/or IC Interpretation 15

An entity that would otherwise be subject to the application of MFRS as its financial reporting framework and thereby be subject in particular to the application of MFRS 141 and/or IC Interpretation 15 may in the alternative apply Financial Reporting Standards (“FRS”) as its financial reporting framework for annual periods beginning on or after 1 January 2012.

The entity shall comply with the MFRS framework for annual periods beginning on or after 1 January 2013.

An entity that consolidates or equity accounts or proportionately consolidates another entity that has chosen to apply FRSs as its financial reporting framework may itself choose to apply FRSs as its financial reporting framework for annual periods beginning on or after 1 January 2012. However, the option to apply the FRSs Framework does not extend to subsidiaries, associates and jointly controlled entities that are not themselves subject to the application of MFRS 141 and/or IC Interpretation 15.

2 BASIS OF PREPARATION (Continued)

2.2 New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards that have been issued, but are not yet effective and have not been adopted early (Continued)

(ii) Entities subject to the application of MFRS 141 and/or IC Interpretation 15 (Continued)

For avoidance of doubt, an entity that is subject to the application of MFRS 141 and/or IC Interpretation 15 shall comply with either the FRS Framework in its entirety or the MFRS Framework in its entirety. An entity electing to continue preparing its financial statements in accordance with the FRS framework for annual periods beginning before 1 January 2013 discloses that fact, and when it will first present financial statements in accordance with the MFRS framework.

The Directors has yet to assess the impact of the adoption of MFRS framework on the financial position and performance of the Group and of the Company.

3. Audit qualifications

The report of the auditors on the Group’s financial statements for the financial year ended 31 January 2012 was not subject to any qualification.

4. Seasonal or cyclical factors

The Group’s operations were not affected by seasonal or cyclical factors.

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial year to-date because of their nature, size, or incidence.

6. Changes in estimates

There were no significant changes in financial estimates reported in prior interim years that would materially affect the current interim year report.

7. Debt and equity securities

There were no issuance and repayment of debts and equity securities, share buy-backs, shares cancellations, shares held as treasury shares and resale of treasury shares for the current financial year.

8. Operating segments

The Group's operating segments for the period ended 31 October 2012 are as follows:

	<u>Manufacturing</u>	Investment <u>holding</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
Revenue				
Total	97,729	-	-	97,729
Inter segment	(2,678)	-	-	(2,678)
External	95,051	-	-	95,051
Results				
Segment loss	(8,168)	(1,101)	5	(9,264)
Interest Income				828
Finance costs				(2,658)
Depreciation				(6,930)
Loss before taxation				(18,024)
Taxation				25
Net loss for the year				(17,999)

The Group's operating segments report for the corresponding period ended 31 October 2011 is as follows:

	<u>Manufacturing</u>	Investment <u>holding</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
Revenue				
Total	89,550	-	-	89,550
Inter segment	(2,558)	-	-	(2,558)
External	86,992	-	-	86,992
Results				
Segment loss	(20,130)	(424)	(21)	(20,575)
Interest Income				378
Finance costs				(2,992)
Loss before taxation				(17,961)
Taxation				31
Net loss for the period				(17,930)

9. Property, plant and equipment

The valuations of freehold land and leasehold land had been brought forward, without amendment from the previous annual financial statements.

10. Events after the reporting year

There was no material event subsequent to the end of the current quarter ended 31 October 2012 until the date of this report.

11. Changes in composition of the Group

There were no changes in the composition of the Group during the current financial year to-date.

12. Contingent assets and contingent liabilities

There were no contingent assets and liabilities since the last financial year end except for the following:

	<u>31.10.12</u>	<u>31.01.12</u>
	RM'000	RM'000
(i) Bank guarantees issued to third parties by a subsidiary company	3,327	2,974

These are bank guarantees issued to authorities and utilities suppliers mainly for performance bonds, security deposits and payment guarantees.

(ii) The Company has issued corporate guarantees totalling RM104.4 million in favour of various financial institutions for the banking facilities extended to a subsidiary company. The amount of the banking facilities utilised as at 31 October 2012 is RM 77.69 million.

13. Capital commitments

Capital commitments for the Group not provided for in the interim financial report are as follows:

	<u>31.10.12</u>
	RM'000
Approved and contracted for:	
Property, plant and equipment	<u>5,513</u>

14. Review of performance

The Group recorded a sales revenue of RM33.60 million for 3Q 2012 which was 35.32% increase as compared to the same quarter of the preceding year. The Group's loss before taxation for the current quarter was RM9.98 million as compared to the preceding year corresponding quarter's loss before taxation of RM5.31 million. The loss was mainly due to the stock write-down of RM6.91 million which is non-recurring in nature, caused by the drop in latex price and deterioration in quality of stocks over time.

15. Variation of results against preceding quarter

The Group recorded a sales revenue of RM33.60 million which was marginally increased from the immediate preceding quarter. However, the Group's loss before taxation was RM8.40 million higher than the immediate preceding quarter. The loss was mainly due to the stock write-down of RM6.91 million which is non-recurring in nature, caused by the drop in latex price and deterioration in quality of stocks over time.

16. Current year prospects

The business environment of the industry remains challenging. Although the current level of natural rubber latex price is more manageable, it still remains as one of the main challenges facing glove manufacturers. The industry's other challenge includes the impending minimum wage policy which will take effect in January 2013.

The Group will continue to improve on productivity and cost efficiency in order to be more competitive. The Group foresees further downward pressure on profit margin due to increasingly competitive pricing in the industry.

On 27th December 2012, the Company is designated a PN17 counter under the Bursa Malaysia Securities Berhad Main Market Listing Requirement.

The current year prospects will be significantly impacted by the PN17 designation. The Company's operating environment will be challenging in light of the working capital constraints, adverse market perception and the increasingly competitive industry landscape.

17. Profit forecast or profit guarantee

The Group did not publish any profit forecast or issue any profit guarantee during the reporting year.

18. Profit before taxation

This is arrive at after crediting/(charging):

	3 months ended	3 months ended	Cumulative 9 months ended	Cumulative 6 months ended
	<u>31.10.12</u>	<u>31.10.11</u>	<u>31.10.12</u>	<u>31.10.11</u>
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	296	9	828	372
Interest expense	1,071	1,263	3,138	3,410
Depreciation	2,269	1,773	6,775	5,315
Profit / (Loss) on Foreign exchange - realised	(220)	527	90	1,286
Fair value gains on derivatives	2	78	2	78
Gain/(Loss) disposal of Fixed Assets	5	-	3	-

Save as above, the other items as required under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

19. Taxation

	3 months ended	Cumulative 9 months ended
	<u>31.10.12</u>	<u>31.10.12</u>
	RM'000	RM'000
Deferred taxation	<u>10</u>	<u>25</u>

20. Landed properties

There was no disposal of any landed properties for the current financial year.

21. Quoted investment

There were no purchases or sales of quoted securities for the current financial year.

22. Status of corporate proposal announced

- a) On 24 December 2010, the Rights Issue with Warrants was completed following the listing of and quotation for the 355,215,720 Rights Shares together with 236,810,480 Warrants on Bursa Malaysia Securities Berhad, realising proceeds of RM 71.04 million.
- b) The status of utilisation of proceeds raised from corporate proposals is as follows:

Renounceable Right Issue

Purpose	Proposed Utilisation (RM 000)	Actual Utilisation (RM 000)	Intended Timeframe for Utilisation
Purchase of new machineries and other ancillary facilities	33,000	-	Within two years
Construction of factory building	5,000	1,000	Within two years
Construction of effluent treatment plant	2,000	-	Within two years
Purchase of raw materials	19,043	15,043	Within one year
Repayment of bank borrowings	10,000	10,000	-
Expenses in relation to the Corporate Exercises	2,000	2,000	-
Total	71,043	28,043	

23. Borrowings

The Group's borrowings since the last financial year end (excluding hire purchase liabilities) are as follows:

	<u>31.10.12</u>	<u>31.01.12</u>
	RM'000	RM'000
Current		
-bank overdraft	7,787	8,164
-short term borrowings	53,056	51,584
-term loan (secured)	5,685	5,447
Non-current		
-term loan (secured)	11,165	15,429
	<u>77,693</u>	<u>80,624</u>

The above borrowings are denominated in Ringgit Malaysia.

24. Derivative financial instruments

The wholly owned subsidiary had entered into forward foreign exchange contracts to hedge its exposure to fluctuations in foreign exchange risk arising from sales.

The position of forward currency contracts denominated in US Dollar as at reporting date is as follows:

	<u>31.10.12</u> <u>RM'000</u>	<u>31.01.12</u> <u>RM'000</u>
Contract Value - RM Equiv	304,927	-
Fair Value - RM Equiv	307,246	-

The above instruments were executed with credit worthy financial institutions in Malaysia.

25. Material litigation

There is no pending material litigation in respect of the Company since the last financial year enough. Notwithstanding that, the Group had been served with legal Notice of Demands by Ambank (M) Berhad and CIMB Bank Berhad, as described in the Company's recent announcements on PN1.

26. Retained earnings

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings as at the end of the reporting year, into realised and unrealised profits or losses.

The breakdown of the retained earnings of the Group into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	<u>31.10.12</u> <u>RM'000</u>	<u>31.01.12</u> <u>RM'000</u>
Total retained earnings of the Group		
- Realised	(73,647)	(60,435)
- Unrealised	2	(331)
Less: Consolidated adjustments	(2,498)	2,622
Total accumulated losses as per statement of financial position	<u>(76,143)</u>	<u>(58,143)</u>

27. Dividend Payable

The Directors do not recommend any payment of dividend for the current financial year to-date.

28. Earnings/(Loss) per share

	3 months ended <u>31.10.12</u>	3 months ended <u>31.10.11</u>	Cumulative 9 months ended <u>31.10.12</u>	Cumulative 9 months ended <u>31.10.11</u>
Net loss for the year (RM'000)	(9,937)	(3,496)	(17,999)	(16,131)
Weighted average number of ordinary shares for basic earnings per share computation	592,026	539,474	592,026	539,474
Effect of dilution:				
- Warrant	236,810	201,775	236,810	201,775
Weighted average number of ordinary shares for diluted earnings per share computation	828,836	741,249	828,836	741,249
(Loss)/Earnings per ordinary share attributable to owners of the parent (cent)				
- Basic	(1.68)	(0.98)	(3.04)	(3.32)
- Diluted	*(1.68)	(0.71)	*(3.04)	(2.42)

*During the financial period, no consideration is taken for warrants as the effect is anti dilutive

29. Authorisation for issue

The unaudited interim financial report were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 December 2012.