

EXPLANATORY NOTES FOR INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention unless otherwise indicated in the accounting policies.

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 Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Malaysia').

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007. These explanatory notes attached to the interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

2. ADOPTION OF REVISED FINANCIAL REPORTING STANDARDS (FRSs)

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following revised FRSs and new Interpretations effective for financial periods beginning on or after 1 January 2008:

FRS 107	:	Cash Flow Statements
FRS 111	:	Construction Contracts
FRS 112	:	Income Taxes
FRS 118	:	Revenue
FRS 120	:	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	:	Interim Financial Reporting
FRS 137	:	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	:	The effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 1	:	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	:	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	:	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	:	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	:	Applying the Restatement Approach under FRS 129 ₂₀₀₄ - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	:	Scope of FRS 2

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of the Group.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report of the Group's financial statements for the year ended 31 December 2007 was not qualified.

4. SEASONAL OR CYCLICAL FACTORS

The effects of seasonal or cyclical fluctuations, if any, are explained under Paragraphs 1 and 2 of Part B, i.e. Explanatory Notes Pursuant To Appendix 9B of the Listing Requirements of Bursa Malaysia below.

5. UNUSUAL ITEMS

There were no unusual items during the quarter affecting assets, liabilities, equity, net income or cash flows for the financial period ended 30 September 2008.

6. CHANGES IN ESTIMATES

There were no changes in estimates that have had a material impact in the current reporting quarter.

7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 30 September 2008.

8. DIVIDENDS PAID

Dividends paid on 22 July 2008 were declared and approved on 22 May 2008, in respect of the financial year ended 31 December 2007 being final dividend of RM0.034 per ordinary share less 26% taxation on 168,000,000 ordinary shares of RM0.50 each, amounting to RM4,226,880.

9. SEGMENTAL REPORTING

a) Geographical segments

	Malaysia RM'000	Europe RM'000	United States of America RM'000	Elimination RM'000	Consolidated RM'000
9 MONTHS PERIOD ENDED 30 SEPTEMBER 2008					
REVENUE					
External sales	56,961	25,021	8,125	-	90,107
Inter-segment sales	29,155	-	-	(29,155)	-
Total revenue	<u>86,116</u>	<u>25,021</u>	<u>8,125</u>	<u>(29,155)</u>	<u>90,107</u>
RESULT					
Segment result	11,044	(3,116)	(515)	(303)	7,110
Finance costs					(1,037)
Taxation					(991)
Profit after taxation					<u>5,082</u>
Minority interest					(45)
Profit for the period					<u><u>5,037</u></u>

	Malaysia RM'000	Europe RM'000	United States of America RM'000	Elimination RM'000	Consolidated RM'000
9 MONTHS PERIOD ENDED 30 SEPTEMBER 2007					
REVENUE					
External sales	69,338	32,747	10,763	-	112,848
Inter-segment sales	39,631	-	-	(39,631)	-
Total revenue	<u>108,969</u>	<u>32,747</u>	<u>10,763</u>	<u>(39,631)</u>	<u>112,848</u>
RESULT					
Segment result	19,049	(1,550)	(661)	(1,170)	15,668
Finance costs					(607)
Taxation					(602)
Profit after taxation					<u>14,459</u>
Minority interest					21
Profit for the period					<u><u>14,480</u></u>

9. SEGMENTAL REPORTING (CONTD.)

a) Geographical segments (Contd.)

Revenue by geographical location of customers

	Quarter ended		Year-to-date ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Asia	1,658	696	4,366	1,612
Europe	16,177	21,306	52,781	65,325
Malaysia	5,136	5,028	13,558	16,194
United States of America	2,307	3,273	7,561	12,024
South-West Pacific	1,197	5,130	5,537	15,411
Others	2,534	531	6,304	2,282
	<u>29,009</u>	<u>35,964</u>	<u>90,107</u>	<u>112,848</u>

b) Business segments

The Group operates in a single industry and accordingly, the financial information by business segments is not presented.

10. VALUATIONS

There were no valuations of property, plant and equipment brought forward from the previous annual financial statements. The property, plant and equipment are stated at their historical cost less accumulated depreciation and impairment losses as at 30 September 2008.

11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There were no material events subsequent to the end of the reporting period.

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter ended 30 September 2008, including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructurings and discontinuing operations.

13. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 September 2008.

14. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2007.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

1. REVIEW OF PERFORMANCE

For the quarter under review, revenue for the Group was RM29.0 million compared with RM36.0 million for the previous year corresponding quarter. Group revenue for the nine months was RM90.1 million compared with RM112.8 million recorded in previous year corresponding period.

Group profit before taxation for the quarter under review was RM0.2 million compared with profit of RM4.7 million in the corresponding quarter last year. For the nine months ended 30 September 2008, the Group recorded a profit before taxation of RM6.1 million compared with RM15.1 million in previous year corresponding period. The decline in the Group's results was mainly due to lower sales volume and higher cost of sales.

2. MATERIAL CHANGES IN PROFIT BEFORE TAXATION FOR THE QUARTER REPORTED ON AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

Group profit before taxation was RM0.2 million for the quarter ended 30 September 2008 compared with RM2.0 million for the preceding quarter ended 30 June 2008. The decline in results was mainly attributed to lower sales volume and higher cost of sales as a result of unabsorbed production cost arising from lower production volume.

3. COMMENTARY ON PROSPECTS

Due to the current financial turmoil, the global economic growth has weakened significantly and expected to remain so in the months ahead. As the Group is dependent on the global market for its revenue and profitability, its performance has been affected.

However, during this period, the Group continued with its house keeping initiatives to improve on its productivity, enhance efficiency and rationalize its operating cost. The Group also continued to explore new markets especially in Eastern Europe and Asia regions for a longer term growth strategy so as to position the Group in the event of an economic recovery in a not too distance future.

Barring any unforeseen circumstances, the Group's performance over the next few quarters is expected to remain challenging.

4. PROFIT FORECAST OR PROFIT GUARANTEE

The Group is not involved in any profit guarantee arrangement or providing any forecast profit.

5. TAXATION

	Quarter ended		Year-to-date ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM	RM	RM	RM
Current tax:				
Malaysian tax	228,574	364,643	1,079,772	1,315,756
Foreign tax	-	-	-	-
	<u>228,574</u>	<u>364,643</u>	<u>1,079,772</u>	<u>1,315,756</u>
Over provision in prior years:				
Malaysian tax	(131,072)	-	(131,072)	-
Foreign tax	(3,638)	-	(7,802)	-
	<u>(134,710)</u>	<u>-</u>	<u>(138,874)</u>	<u>-</u>
Deferred tax:				
Current year	85,933	314,034	50,116	42,257
Under/(Over) provision in prior year	(471)	77,550	347	(756,309)
	<u>85,462</u>	<u>391,584</u>	<u>50,463</u>	<u>(714,052)</u>
	<u>179,326</u>	<u>756,227</u>	<u>991,361</u>	<u>601,704</u>

6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments or properties during the reporting period.

7. CORPORATE PROPOSALS

There was no corporate proposal announced but not completed as at the reporting date.

8. GROUP BORROWINGS AND DEBT SECURITIES

	As at	
	30.09.2008	31.12.2007
	RM	RM
Short term borrowings		
Unsecured	22,158,922	21,832,998
	<u>22,158,922</u>	<u>21,832,998</u>
Long term borrowings		
Unsecured	9,250,000	4,523,788
	<u>9,250,000</u>	<u>4,523,788</u>

All borrowings are denominated in Ringgit Malaysia.

9. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group had entered into the following foreign currency derivatives maturing within 1 year to hedge trade receivables.

	Notional amounts as at	
	30.09.2008	31.12.2007
	RM	RM
Forward foreign exchange contracts	6,839,599	4,942,724
Ratio forward agreements	-	1,627,040
	<u>6,839,599</u>	<u>6,569,764</u>

10. CHANGES IN MATERIAL LITIGATION

The Group is not engaged in any material litigation and is not aware of any proceedings which might materially affect the Group for the current financial period.

11. PROPOSED DIVIDEND

The Company did not declare any interim dividend for the current quarter ended 30 September 2008.

12. EARNINGS PER SHARE

a) Basic earnings per ordinary share

	Quarter ended		Year-to-date ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
Net profit for the period (RM)	11,010	3,953,627	5,036,621	14,480,373
Weighted average number of ordinary shares in issue	168,000,000	168,000,000	168,000,000	168,000,000
Basic earnings per ordinary share (sen)	<u>0.01</u>	<u>2.35</u>	<u>3.00</u>	<u>8.62</u>

b) Diluted earnings per ordinary share

This is not applicable to the Group.

13. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 6 November 2008.