

**EXPLANATORY NOTES FOR INTERIM FINANCIAL STATEMENTS FOR THE  
FINANCIAL PERIOD ENDED 30 JUNE 2009**

**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 2008. 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 2008.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008.

At the date of authorisation of these interim financial statements, the following FRSs and Interpretations were issued but not yet effective and have not been applied by the Group:

<b>FRSs and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	1 January 2010

The new FRS and Interpretations above are expected to have no significant impact on the financial statements of the Group upon their initial application except for the changes in disclosures arising from the adoption of FRS 8.

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

**3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report of the Group's financial statements for the year ended 31 December 2008 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 June 2009.

**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 June 2009.

**8. DIVIDENDS PAID**

There were no dividends paid in respect of the quarter ended 30 June 2009.

**9. SEGMENTAL REPORTING**

a) Geographical segments

	<b>Malaysia</b>	<b>Europe</b>	<b>United States of America</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>6 MONTHS PERIOD ENDED 30 JUNE 2009</b>					
<b>REVENUE</b>					
External sales	23,179	10,263	1,608	-	35,050
Inter-segment sales	8,758	-	-	(8,758)	-
Total revenue	<u>31,937</u>	<u>10,263</u>	<u>1,608</u>	<u>(8,758)</u>	<u>35,050</u>
<b>RESULT</b>					
Segment result	(488)	(1,491)	(548)	(580)	(3,107)
Finance costs					(423)
Taxation					(594)
Loss after taxation					<u>(4,124)</u>
Minority interest					5
Loss for the period					<u>(4,119)</u>

	<b>Malaysia</b>	<b>Europe</b>	<b>United States of America</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>6 MONTHS PERIOD ENDED 30 JUNE 2008</b>					
<b>REVENUE</b>					
External sales	38,150	17,205	5,743	-	61,098
Inter-segment sales	21,947	-	-	(21,947)	-
Total revenue	<u>60,097</u>	<u>17,205</u>	<u>5,743</u>	<u>(21,947)</u>	<u>61,098</u>
<b>RESULT</b>					
Segment result	10,679	(2,292)	(531)	(1,397)	6,459
Finance costs					(577)
Taxation					(812)
Profit after taxation					<u>5,070</u>
Minority interest					(45)
Profit for the period					<u>5,025</u>

## 9. SEGMENTAL REPORTING

### a) Geographical segments (Contd.)

Revenue by geographical location of customers

	Quarter ended		Year-to-date ended	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM'000	RM'000	RM'000	RM'000
Asia	2,560	1,565	2,939	2,709
Europe	10,633	19,098	18,100	36,604
Malaysia	2,783	3,732	8,179	8,423
United States of America	621	1,649	1,642	5,254
South-West Pacific	1,332	1,408	2,951	4,340
Others	455	2,384	1,239	3,768
	<u>18,384</u>	<u>29,836</u>	<u>35,050</u>	<u>61,098</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 June 2009.

## 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 June 2009, including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructurings and discontinuing operations.

## 13. CAPITAL COMMITMENTS

There is no material capital commitments not provided for in the interim financial statements as at 30 June 2009.

## 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 2008.

**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 RM18.4 million compared with RM29.8 million for the previous year's corresponding quarter. Group revenue for the six months was RM35.1 million compared with RM61.1 million recorded in previous year's corresponding period. The decrease in revenue mainly stemmed from lower sales volume recorded due to the current financial and economic crisis globally.

Loss before taxation for the quarter under review was RM1.3 million compared with profit before taxation of RM2.0 million in the corresponding quarter last year. Similarly, for the six months ended 30 June 2009, the Group recorded a loss before taxation of RM3.5 million compared with profit before taxation of RM5.9 million. These losses were attributed to lower sales volume due to the continuing effects from the financial and economic crises.

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

Loss before taxation of the Group was RM1.3 million for the quarter ended 30 June 2009 compared to RM2.2 million for the preceding quarter ended 31 March 2009. The decrease was mainly due to the lower operating expenses incurred in the quarter under review.

**3. COMMENTARY ON PROSPECTS**

Since the global financial crisis started in late 2008, we do see some tentative sign of recovery currently. The key economic indicators suggest that the global economy had passed its worst and is currently experiencing a more moderate pace of contraction,

With the global economy stabilising, we are optimistic that the Group performance will gradually improve in the next half of 2009.

**4. PROFIT FORECAST OR PROFIT GUARANTEE**

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

**5. TAXATION**

	Quarter ended		Year-to-date ended	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM	RM	RM	RM
Current tax:				
Malaysian tax	82,565	299,449	189,023	851,199
Foreign tax	-	-	-	-
	<u>82,565</u>	<u>299,449</u>	<u>189,023</u>	<u>851,199</u>
Over provision in prior years:				
Foreign tax	(49)	-	(4,244)	(4,164)
	<u>(49)</u>	<u>-</u>	<u>(4,244)</u>	<u>(4,164)</u>
Deferred tax:				
Current year	383,809	52,604	409,191	(35,817)
Over provision in prior year	-	818	-	818
	<u>383,809</u>	<u>53,422</u>	<u>409,191</u>	<u>(34,999)</u>
	<u>466,325</u>	<u>352,871</u>	<u>593,970</u>	<u>812,036</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 at the date of this quarterly report.

**8. GROUP BORROWINGS AND DEBT SECURITIES**

	As at	
	30.06.2009	31.12.2008
	RM	RM
Short term borrowings		
Unsecured	<u>16,224,523</u>	<u>25,030,230</u>
Long term borrowings		
Unsecured	<u>4,250,000</u>	<u>4,250,000</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	
	30.06.2009	31.12.2008
	RM	RM
Forward foreign exchange contracts	3,514,810	2,227,924

## 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 quarter.

## 11. PROPOSED DIVIDEND

The Company did not declare any interim dividend for the current quarter ended 30 June 2009.

## 12. EARNINGS PER SHARE

### a) Basic earnings per ordinary share

	Quarter ended		Year-to-date ended	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
Net (loss)/profit for the period (RM)	(1,751,079)	1,624,101	(4,119,506)	5,025,611
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)	(1.04)	0.97	(2.45)	2.99

### 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 August 2009.