

**EXPLANATORY NOTES FOR INTERIM FINANCIAL STATEMENTS FOR THE
FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Securities').

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. 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 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:

FRSs and Interpretations	Effective for financial periods beginning on or after
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 Main Market Listing Requirements of Bursa Securities 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 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 September 2009.

8. DIVIDENDS PAID

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

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 2009					
REVENUE					
External sales	33,758	14,358	2,680	-	50,796
Inter-segment sales	11,442	-	-	(11,442)	-
Total revenue	<u>45,200</u>	<u>14,358</u>	<u>2,680</u>	<u>(11,442)</u>	<u>50,796</u>
RESULT					
Segment result	(691)	(2,010)	(554)	(741)	(3,996)
Finance costs					(592)
Taxation					(962)
Loss after taxation					<u><u>(5,550)</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 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><u>5,082</u></u>

9. SEGMENTAL REPORTING (CONT'D)

a) Geographical segments (Cont'd)

Revenue by geographical location of customers

	Quarter ended		Year-to-date ended	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
	RM'000	RM'000	RM'000	RM'000
Asia	2,366	1,658	5,305	4,366
Europe	7,953	16,177	26,053	52,781
Malaysia	1,628	5,136	9,807	13,558
United States of America	1,118	2,307	2,760	7,561
South-West Pacific	1,509	1,197	4,461	5,537
Others	1,171	2,534	2,410	6,304
	<u>15,745</u>	<u>29,009</u>	<u>50,796</u>	<u>90,107</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 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 September 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 September 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 RM15.7 million compared with RM29.0 million for the previous year's corresponding quarter. Group revenue for the nine months was RM50.8 million compared with RM90.1 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 RM1.1 million compared with profit before taxation of RM0.2 million in the corresponding quarter last year. Similarly, for the nine months ended 30 September 2009, the Group recorded a loss before taxation of RM4.6 million compared with profit before taxation of RM6.1 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 RM1.1 million for the quarter ended 30 September 2009 compared to RM1.3 million for the preceding quarter ended 30 June 2009. The decrease was mainly due to the improved margin arising mainly from favourable product mix.

3. COMMENTARY ON PROSPECTS

With the global and local economy gradually emerging from a severe downturn, the pace of contraction has narrowed significantly particularly in the US economy. Europe as a whole has also hit bottom and stabilizing. The Malaysia economy has similarly improved in tandem with the global economy.

Given the Group businesses are dependent on the global and local economy well being, we are optimistic that the Group performance will gradually improved in the coming quarters.

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	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
	RM	RM	RM	RM
Current tax:				
Malaysian tax	89,421	228,574	278,444	1,079,772
Foreign tax	-	-	-	-
	<u>89,421</u>	<u>228,574</u>	<u>278,444</u>	<u>1,079,772</u>
Over provision in prior years:				
Malaysian tax	(9,679)	(131,072)	(9,679)	(131,072)
Foreign tax	(65)	(3,638)	(4,309)	(7,802)
	<u>(9,744)</u>	<u>(134,710)</u>	<u>(13,988)</u>	<u>(138,874)</u>
Deferred tax:				
Current year	288,074	85,933	697,265	50,116
(Over)/Under provision in prior year	-	(472)	-	347
	<u>288,074</u>	<u>85,461</u>	<u>697,265</u>	<u>50,463</u>
	<u>367,751</u>	<u>179,325</u>	<u>961,721</u>	<u>991,361</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	
	30.09.2009	31.12.2008
	RM	RM
Short term borrowings		
Unsecured	<u>17,210,499</u>	<u>25,030,230</u>
Long term borrowings		
Unsecured	<u>500,000</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	
	30.09.2009	31.12.2008
	RM	RM
Forward foreign exchange contracts	2,162,098	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 September 2009.

12. EARNINGS PER SHARE

a) Basic earnings per ordinary share

	Quarter ended		Year-to-date ended	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Net (loss)/profit for the period (RM)	(1,430,097)	11,010	(5,549,604)	5,036,621
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)	(0.85)	0.01	(3.30)	3.00

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 5 November 2009.