



TAS OFFSHORE BERHAD

(Company No : 810179-T)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2010

<u>CONTENTS</u>	<u>PAGE</u>
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	1
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	4
NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134)	5 - 11
ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS	12 - 15



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 AUGUST 2010

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 31 AUG 2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 AUG 2009 RM'000	CURRENT YEAR TO DATE 31 AUG 2010 RM'000	PRECEDING YEAR TO DATE 31 AUG 2009 RM'000
Revenue	22,658	44,244	22,658	44,244
Cost of sales	(21,309)	(36,426)	(21,309)	(36,426)
Gross profit	1,349	7,818	1,349	7,818
Other income	1,623	789	1,623	789
Administrative expenses	(1,507)	(890)	(1,507)	(890)
Operating profit	1,465	7,717	1,465	7,717
Finance costs	(5)	(12)	(5)	(12)
Profit before tax	1,460	7,705	1,460	7,705
Income tax expense	(371)	(1,950)	(371)	(1,950)
Profit for the period	1,089	5,755	1,089	5,755
Other comprehensive income				
Gain on revaluation of available-for-sale investments	6	-	6	-
Total other comprehensive income	6	-	6	-
Total comprehensive income for the period	1,095	5,755	1,095	5,755
Profit for the period attributable to owners of the Parent	1,089	5,755	1,089	5,755
Total comprehensive income attributable to owners of the Parent	1,095	5,755	1,095	5,755
Earnings per share (sen)				
- Basic	0.60	5.09	0.60	5.09
- Diluted	0.60	5.09	0.60	5.09

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 May 2010 and the accompanying explanatory notes attached to the interim financial statements.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2010

	UNAUDITED AS AT 31 AUG 2010 RM'000	(Restated) AUDITED AS AT 31 MAY 2010 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	23,178	23,340
Available-for-sale investment	20,416	20,203
	<u>43,594</u>	<u>43,543</u>
Current Assets		
Inventories	38,753	32,903
Amount due from contract customers	46,401	54,525
Trade and other receivables	23,645	27,256
Tax recoverable	1,323	1,023
Derivative financial assets	81	-
Deposits, cash and bank balances	22,758	16,863
	<u>132,961</u>	<u>132,570</u>
Total Assets	<u><u>176,555</u></u>	<u><u>176,113</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	90,001	90,001
Share premium	27,639	27,639
Reserves	14,910	13,824
Total Equity	<u>132,550</u>	<u>131,464</u>
Non-Current Liabilities		
Borrowings	579	656
Deferred tax liabilities	2,465	2,899
	<u>3,044</u>	<u>3,555</u>
Current Liabilities		
Trade and other payables	26,011	30,478
Amount due to contract customers	951	3,396
Borrowings	13,720	7,113
Current tax payable	279	107
	<u>40,961</u>	<u>41,094</u>
Total Liabilities	<u>44,005</u>	<u>44,649</u>
Total Equity and Liabilities	<u><u>176,555</u></u>	<u><u>176,113</u></u>
Net assets per share (sen)	73.64	73.03

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 May 2010 and the accompanying explanatory notes attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the quarter ended 31 August 2010

	Attributable to Owners of the Parent				Total RM'000
	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	
Balance as at 1 June 2010	90,001	27,639	-	13,824	131,464
Effects of applying FRS 139	-	-	88	(97)	(9)
Restated balance	90,001	27,639	88	13,727	131,455
Profit for the period	-	-	-	1,089	1,089
Other comprehensive income			6		6
Total comprehensive income for the period	-	-	6	1,089	1,095
Balance as at 31 Aug 2010	90,001	27,639	94	14,816	132,550

For the quarter ended 31 August 2009

	Attributable to Owners of the Parent				Total RM'000
	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	
Balance as at 1 June 2009	51,501	-	-	5,493	56,994
Public Issue	38,500	30,800	-	-	69,300
Expenses related to flotation exercise	-	(3,104)	-	-	(3,104)
Profit for the period	-	-	-	5,755	5,755
Total comprehensive income for the period	-	(3,104)	-	5,755	2,651
Balance as at 31 Aug 2009	90,001	27,696	-	11,248	128,945

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 May 2010 and the accompanying explanatory notes attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 AUGUST 2010

	CURRENT YEAR TO DATE 31 AUG 2010 RM'000	PRECEDING YEAR TO DATE 31 AUG 2009 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,460	7,705
Adjustments for:		
Non-cash items	784	360
Non-operating items (net of income)	(208)	382
Operating profit before changes in working capital	<u>2,036</u>	<u>8,447</u>
<u>Changes in working capital</u>		
Net change in current assets	5,760	(79,778)
Net change in current liabilities	(6,918)	5,102
Total changes in working capital	<u>(1,158)</u>	<u>(74,676)</u>
Net cash used in operations	878	(66,229)
Interest paid	(4)	(10)
Income tax paid	(933)	(1,195)
Net cash used in operating activities	(59)	(67,434)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	146	-
Purchase of property, plant and equipment	(218)	(268)
Purchase of other investment	(119)	-
Net cash used in investing activities	<u>(191)</u>	<u>(268)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	-	(14,200)
Net proceeds from issuance of shares	-	66,196
Net movements in trade financing	7,403	2,568
Repayment of term loans	(87)	(87)
Repayment of hire purchase payables	(22)	(43)
Net cash from financing activities	<u>7,294</u>	<u>54,434</u>
Net increase/(decrease) in cash and cash equivalents	7,044	(13,268)
Cash and cash equivalents at beginning of financial period	14,584	12,310
Effect of foreign exchange rate changes	(274)	(11)
Cash and cash equivalents at the end of financial period	<u>21,354</u>	<u>(969)</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term deposits and cash and bank balances	22,758	1,392
Bank overdrafts	(1,404)	(2,361)
	<u>21,354</u>	<u>(969)</u>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 May 2010 and the accompanying explanatory notes attached to the interim financial statements.

(A) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134) : INTERIM FINANCIAL REPORTING

A1. Basis of reporting preparation

The unaudited interim financial statements have been prepared in accordance with the Financial Reporting Standards 134 (FRS 134): "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report contains condensed consolidated financial statement and selected explanatory notes. The notes include an explanation of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group ("TAS Offshore and its subsidiaries"). The interim financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with Financial Reporting Standards ("FRS").

A2. Summary of significant accounting policies

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2010. The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the financial year ended 31 May 2010, except for the following :

(i) Adoption of New and Revised FRSs, IC Interpretations and Amendments

In the current period ended 31 August 2010, the Group adopted the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are applicable to its financial statements and are relevant to its operations :

FRS 7	: Financial Instruments: Disclosures
FRS 8	: Operating Segments
FRS 101	: Presentation of Financial Statements (Revised)
FRS 123	: Borrowing Costs (Revised)
FRS 127	: Consolidated and Separate Financial Statements (Revised)
FRS 139	: Financial Instruments: Recognition and Measurement
IC Interpretation 9	: Reassessment of Embedded Derivatives
IC Interpretation 10	: Interim Financial Reporting and Impairment
Amendments to FRSs Classified as "Improvement to FRSs (2009)"	
Amendments to FRS 7	: Financial Instruments: Disclosures
Amendments to FRS 127	: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	: Financial Instruments: Presentation - Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to FRS 139	: Financial Instruments: Recognition and Measurement

(A) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134) : INTERIM FINANCIAL REPORTING

A2. Summary of significant accounting policies (cont'd)

(i) *Adoption of New and Revised FRSs, IC Interpretations and Amendments (cont'd)*

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below :

FRS 101, Presentation of Financial Statements (Revised)

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements.

With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements. The statement of comprehensive income consists of profit or loss for the period and other comprehensive income. All non-owner changes in equity previously presented in the consolidated statement of changes in equity are now presented in the statement of comprehensive income as components in other comprehensive income. The change in presentation has no effect on the comparative interim financial statement for the preceding year corresponding period.

Amendment to FRS 117, Leases

Prior to the adoption of the Amendment to FRS 117, leasehold land that normally had an indefinite economic life and where title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land was accounted for as prepaid lease payments in the statement of financial position which were amortised over the lease term in accordance with the pattern of benefits provided.

With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie. In making this judgement, the Directors have concluded that lands with an initial lease period of 50 years or more are finance leases because the present value of the minimum lease payments (i.e. the consideration paid or payable) is substantially equal to the fair value of the land. Accordingly, the Group has changed the classification of long leasehold lands from operating leases to finance leases in the current quarter. This change in classification has no effect to the profit or loss for the current period ended 31 August 2010 and the preceding year corresponding period ended 31 August 2009.

The effect of the reclassification to the consolidated statement of financial position as at 31 May 2010 are as follows :-

	Consolidated Balance Sheet	Effects on adoption of FRS 117	Consolidated Statement of Financial Position
	As previously reported		As restated
	RM'000	RM'000	RM'000
Property, plant and equipment	13,537	9,803	23,340
Prepaid lease payments	9,803	(9,803)	-

(A) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134) : INTERIM FINANCIAL REPORTING

A2. Summary of significant accounting policies (cont'd)

(i) *Adoption of New and Revised FRSs, IC Interpretations and Amendments (cont'd)*

FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in financial instruments of the Group to be categorised and measured using the accounting policies summarised below :-

(a) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value. In the case of a financial instrument not categorised as fair value through profit or loss, the financial instrument is initially recognised at its fair value plus transaction costs that are directly attributable to acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. In the event that the embedded derivative is recognised separately, the host contract is accounted for in accordance with the policy applicable to the nature of the host contract.

(b) Financial assets

Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading including derivatives, unless they are designated as hedges. Financial assets at fair value through profit or loss are subsequently measured at fair value with gain or loss recognised in profit or loss. This category of financial assets is classified as current assets.

Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents. Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method. This category of financial assets is classified as current assets unless the maturities are greater than twelve months in which case they are classified as non-current assets.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are not held for trading. Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other available-for-sale financial assets are subsequently measured at fair value with gain or loss recognised in other comprehensive income.

Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted on an active market and the Group has the positive intention and ability to hold to maturity. Financial assets categorised as held-to-maturity investments are subsequently measured at cost using the effective interest method.

(A) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134) : INTERIM FINANCIAL REPORTING

A2. Summary of significant accounting policies (cont'd)

- (i) *Adoption of New and Revised FRSs, IC Interpretations and Amendments (cont'd)*

FRS 139, Financial Instruments: Recognition and Measurement (cont'd)

(c) Financial liabilities

Financial liabilities of the Group comprise trade and other payables, borrowings and derivative financial liabilities. All financial liabilities are subsequently measured at amortised cost using effective interest method other than derivative financial liabilities which are categorised as fair value through profit or loss. Derivative financial liabilities are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

(d) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Company has provided financial guarantees to banks for the credit facilities granted to its subsidiary. The Company monitors the performance of its subsidiary closely to ensure it meets all the financial obligations. In view of there is minimal risk of default, the Company has not carried the value of the financial guarantees in its books.

Following the adoption of FRS 139, the changes to accounting policies relating to recognition and measurement of the Group's financial instruments are as follows :-

(a) Investment in non-current equity and debt securities instruments

Prior to the adoption of FRS 139, non-current investments in equity and debt securities instruments were stated at cost less allowance for diminution in value which was other than temporary in nature.

With the adoption of FRS 139, such investments are now categorised as available-for-sale financial assets and measured as follows :-

- (i) Quoted shares and debt instruments - at fair value through profit or loss
- (ii) Unquoted shares - at cost

(b) Derivative financial instruments

Prior to the adoption of FRS 139, outstanding financial derivatives as at balance sheet were not recognised in the financial statements. They were only recognised on settlement dates.

Upon the adoption of FRS 139, derivative financial instruments are recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of those instruments. A derivative financial instrument is categorised as fair value through profit or loss and measured at its fair value with gain or loss recognised in profit or loss.

(A) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134) : INTERIM FINANCIAL REPORTING

A2. Summary of significant accounting policies (cont'd)

(i) *Adoption of New and Revised FRSs, IC Interpretations and Amendments (cont'd)*

FRS 139, Financial Instruments: Recognition and Measurement (cont'd)

FRS 139 has been applied prospectively in accordance with the transitional provisions of the standard. In accordance to the transitional provisions for first-time adoption of FRS 139, adjustments arising from re-measuring the financial instruments as at 1 January 2010 were recognised as adjustments of the opening balance of retained profits or other appropriate reserves. Comparatives are not adjusted.

Since FRS 139 is applied prospectively, its adoption does not affect the profit or loss for the preceding year corresponding period ended 31 August 2009.

The effects on adoption of FRS 139 on the opening reserves of the Group and other items of the consolidated statement of financial position as at 1 June 2010 are as follows :-

	Balance as at 1 June 2010 before the adoption of FRS 139 RM'000	Effects on adoption of FRS 139 RM'000	Balance as at 1 June 2010 after the adoption of FRS 139 RM'000
Retained profits	13,824	(97)	13,727
Fair value reserve	-	88	88
Other investments	20,203	(20,203)	-
Available-for-sale investments	-	20,291	20,291
Derivatives financial liabilities	-	97	97

The effects on adoption of FRS 139 on the current interim financial statements are as follows :-

	Increase/ (Decrease) RM'000
Statement of financial position as at 31 August 2010	
Retained profits	81
Other reserves	6
Available-for-sale investments	6
Derivative financial assets	81

**Statement of comprehensive income for the period ended
31 August 2010**

Profit for the period	178
Other comprehensive income	6
Total comprehensive income	184

The adoption of other new and revised FRSs, IC Interpretations and amendments to FRSs and IC Interpretations has no financial impact on the current interim financial statements or on the consolidated financial statements of the previous financial year.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2010

(A) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134) : INTERIM FINANCIAL REPORTING

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Company and its subsidiary for the financial year ended 31 May 2010 were not qualified.

A4. Seasonal or cyclical factors

The Group do not experience any material seasonality in its business, as its business operations are relatively stable throughout the year, with the exception of minor slowdowns in business activity during the festive seasons at the beginning and end of each calendar year.

A5. Items of unusual nature and amount

There were no items affecting the assets, liabilities, equity, net income or cash flow of the Group that are unusual in their nature, size or incidence for the current financial period under review.

A6. Material changes in estimates

There were no changes in the estimates that have had a material effect in the current financial period under review.

A7. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities

There were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current period and year to date.

A8. Dividends

No dividend was paid in the current quarter and financial period to-date.

A9. Segmental information

The Company's operations comprise mainly of shipbuilding and ship repairing activities which collectively are considered as one business segment. Accordingly, segment reporting by business segment has not been disclosed. The revenue from external customers by location of customers is set out below :-

	Current Quarter 31 August 2010 RM'000	Current Period to date 31 August 2010 RM'000
Malaysia	1,123	1,123
Singapore	5,194	5,194
United Arab Emirates	10,077	10,077
Indonesia	5,109	5,109
Papua New Guinea	77	77
Iran	1,078	1,078
	<u>22,658</u>	<u>22,658</u>

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2010

(A) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134) : INTERIM FINANCIAL REPORTING

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current quarter under review and financial year-to-date.

A11. Capital commitments

Approved but not contracted for

31.08.2010
RM'000
8,380

A12. Material events subsequent to the end of period reported

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current quarter and financial period to date.

A13. Changes in composition of the group

On 8 July 2010, the Company acquired the entire share capital, comprising 2 ordinary shares of RM1.00 each, of Western Realty Sdn Bhd ("WRSB") for a total cash consideration of RM2.00. WRSB is a company incorporated in Malaysia and has not commenced any business activities. The acquisition of WRSB does not have a material impact on the financial position and results of the Group.

A14. Contingent Liabilities and Contingent Assets

There were no material changes in the contingent liabilities or contingent assets since the last annual balance sheet date.

A15. Significant related party transactions

The Company entered into the following transactions with related parties during the financial period :

	Transaction value for 3 months ended 31 August 2010 RM'000	Current Period-To-Date 31 August 2010 RM'000
(i) Transaction with companies in which certain directors of the Company have substantial interest :		
Tuong Aik (Sarawak) Sdn Bhd	*	*
- Purchase of marine paint	*	*
	<hr style="border-top: 1px solid black;"/> <hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/> <hr style="border-top: 1px solid black;"/>

* Negligible

In the opinion of the directors, the above transactions have been entered into in the ordinary course of business and have been established under terms no less favourable than those transacted with unrelated parties.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2010

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS

B1. Review of performance of the Company and its subsidiary

The Group recorded a turnover of RM22.7 million and profit before tax of RM1.46 million for the current quarter ended 31 August 2010.

In the opinion of the directors, the result for the current quarter and financial period to date have not been affected by any transactions or events of a material nature which has arisen between 31 May 2010 and the date of this report.

B2. Material changes in the quarterly results compared to the results of the preceding quarter

	Current quarter ended 31 August 2010	Preceding quarter ended 31 May 2010	Variance	
	RM'000	RM'000	RM'000	
Revenue	22,658	22,197	461	2%
Profit before tax	1,460	1,109	351	32%

Profit before tax increased by RM0.35 million, or 32% higher than preceding quarter was due to reduction in foreign exchange loss and partially attributed to the effects on adoption of FRS 139 in the current quarter as shown in Note A2 to this interim financial report.

B3. Commentary on prospects for the current financial year

With the oil price moving in the range of USD73 - USD78 per barrel, the oil industry seems to have recovered from the previous year low. The oil majors are expected to award out more contracts and the offshore support industries will benefit from this. However, full global recovery looks uncertain with some major economies still slack in their path of recovery and we are cautiously optimistic about the demand growth in the offshore support vessels.

The demand for tugboats has however increased as the mining industries in Indonesia, particularly those related to coal and iron ore, are doing well due to the increase in demand for these two commodities.

Barring any unforeseen circumstances, the Board remains positive about the Group's prospect.

B4. Variance between actual profit from forecast profit

The Group did not issue any profit forecast for the current financial period or in the prior financial period and therefore no comparison is available.

B5. Taxation

Current tax expense:

	Current Quarter	Current Period to date
	RM'000	RM'000
Malaysian income tax	805	805
Deferred income tax	(434)	(434)
Total tax expense	<u>371</u>	<u>371</u>
Effective tax rate	25%	25%

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2010

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS

B6. Profit from sale of unquoted investments and/or properties

There were no disposal of unquoted investment and properties for the current quarter and financial period to date.

B7. Quoted securities

There was no purchase or disposal of quoted securities for the current quarter and financial period to date.

B8. Status of utilisation of proceeds

As at the end of the current quarter and financial period to date, the status of utilisation of proceeds as compared to the proposed utilisation is as follows:

Purpose	Intended Timeframe for Utilisation RM'000	Proposed Utilisation RM'000	Actual Utilisation RM'000	Surplus / (Deficit) RM'000	Remarks
(i) Expansion of existing operations	within 36 months	10,000	1,620	8,380	Available for use
(ii) Working capital	within 36 months	56,300	44,670	11,630	Available for use
(iii) Estimated listing expenses	upon listing	3,000	3,161	(161)	*
		69,300	49,451	19,849	

* The excess of actual utilisation over proposed utilisation will be deducted from the funds available for use in (ii).

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS

B9. Group borrowings and debt securities

Total Group's borrowing as at 31 August 2010 were as follows:

	Secured RM'000	Total RM'000
1. <u>Short term borrowings</u>		
- Bank overdraft	1,404	1,404
- Revolving credit	12,000	12,000
- Term loan	301	301
- Hire purchase payable	15	15
	13,720	13,720
2. <u>Long term borrowings</u>		
- Term loan	579	579
	579	579
Total Borrowings	14,299	14,299

B10. Derivative financial instruments

The outstanding foreign currency forward contracts as at 31 August 2010 were as follows :-

Types of Derivatives	Contract/Notional Value RM'000	Fair Value RM'000
Currency Forward Contracts		
- Less than 1 year	2,827	2,908
- 1 year to 3 years	-	-
- More than 3 years	-	-

The foreign exchange forward contracts are transacted with the Group's bankers to hedge the Group's exposure to foreign exchange risk in respect of its export sales. The Group's trade receivables denominated in foreign currencies are exposed to currency risk. The Group's strategy for minimising this risk is to hedge the foreign trade receivable by a forward sale contract.

There are no cash requirements for these derivatives.

Foreign exchange forward contracts are recognised on the contract dates and are subsequently measured at fair value with gain or loss recognised in the income statement.

B11. Material litigation

As at the date of this interim financial report, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and our Board are not aware of any proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which might materially and adversely affect our Group's financial position or business.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2010

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS

B12. Dividends

No interim dividend is proposed or declared for the current quarter and financial period to-date.

B13. Earnings per share

	Current Quarter ended 31 August 2010	Current Year-to-Date 31 August 2010
Net profit attributable to ordinary equity holders of the Company (RM'000)	<u>1,089</u>	<u>1,089</u>
Weighted average number of shares in issue ('000)	<u>180,002</u>	<u>180,002</u>
Basic earnings per share (sen)	0.60	0.54
Diluted earnings per share (sen)	0.60	0.54

Basic earnings per share of the Company is calculated by dividing net profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

The computation of diluted earnings per share is the same as basic earnings per share as there were no potential shares to be issued as at the end of the reporting period.