

## **A. EXPLANATORY NOTES**

### **A1. Basis of Preparation**

The interim financial statements of the Group are unaudited and have been prepared in accordance with FRS 134 : Interim Financial Reporting and Appendix 9B Part A of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the Group's proforma consolidated financial information and the Accountants' Report for the financial year ended 31 December 2008 as disclosed in the Prospectus of the Group dated 5 October 2009. The explanatory notes attached to the interim financial statements provide an explanation of 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 2009.

### **A2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the preceding audited financial statements was not subject to any qualification.

### **A3. Seasonality or Cyclical Factors**

The performance of the Group is generally not affected by any seasonal or cyclical factors.

### **A4. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cashflows during the financial period under review.

### **A5. Changes in Estimates**

Not applicable.

## **A6. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial period under review except items disclosed in below:

On 5 October 2009, the Group issued its Prospectus for its Initial Public Offering of 28,000,000 Ordinary Shares of RM0.50 each comprising:

- a) Public Issue of 21,000,000 new ordinary shares of RM0.50 each at an offer price of RM0.65 per share comprising:
  - 2,000,000 new ordinary shares of RM0.50 each available for application by the Malaysian Public;
  - 2,700,000 new ordinary shares of RM0.50 each available for application by eligible Directors, Employees and Business Associates;
  - 7,340,000 new ordinary shares of RM0.50 each by way of Private Placement to Identified Investors; and
  - 8,960,000 new ordinary shares of RM0.50 each by way of placement to bumiputera investors approved by the Ministry of International Trade and Industry.
  
- b) Offer for Sale of 7,000,000 ordinary shares of RM0.50 each by way of placement to bumiputera investors approved by the Ministry of International Trade and Industry.

In conjunction with the Public Issue and Offer for Sale, the Group entire issued and paid-up shares capital of the Group comprising 92,000,000 ordinary shares of RM0.50 each was listed and quoted on the Main Market of Bursa Securities on 28 October 2009.

## **A7. Dividend**

There were no dividends paid during the financial period under review. The Board of Directors declared a 3% interim single tier tax exempt dividend for the year ended 31 December 2009, payment on 12 February 2010. The Board of Directors recommends and proposes the payment of final dividend of 3% single tier tax exempt dividend for the year ended 31 December 2009. The propose dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting.

## A8. Segmental Information

Segmental reporting for the period ended 31 December 2009.

	Investment Holding RM '000	Manufacturing RM '000	Inter-Co Elimination RM '000	Total RM '000
<b>Revenue</b>				
- External	-	25,417	-	25,417
- Inter-Segmental Sales	-	1,870	(1,870)	-
- Dividend income	2,760	-	(2,760)	-
Total Revenue	<u>2,760</u>	<u>27,287</u>	<u>(4,630)</u>	<u>25,417</u>
<b>Results</b>				
Profit from operations	3,112	5,863	-	8,975
Finance costs	-	(83)	-	(83)
<b>Profit Before Tax</b>	<u>3,112</u>	<u>5,780</u>	<u>-</u>	<u>8,892</u>
Taxation	(4)	(171)	-	(175)
<b>Profit After Tax</b>	<u>3,108</u>	<u>5,609</u>	<u>-</u>	<u>8,717</u>

## A9. Valuation of Property, Plant and Equipment Brought Forward

There were no valuation of the property, plant and equipment during the financial period under review.

## A10. Material Subsequent Events

There are no material events subsequent to the financial period under review.

## A11. Changes in the Composition of the Group

There were no changes in the composition of the Group in the financial period under review.

## A12. Contingent Liabilities

There were no contingent liabilities since the last annual balance sheet at 31 December.

**A13. Capital Commitments**

There were no material capital commitments entered into since the last annual balance sheet as at 31 December 2008 except the following:

- |    |   |                    |
|----|---|--------------------|
| a) | Amount approved and contracted<br>for plant and machinery | <u>RM1,781,000</u> |
|----|---|--------------------|

**A14. Related Party Transactions**

During the financial period under review, there were no related party transactions.

**B. SELECTED EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS**

**B1. Review of Performance**

For the financial quarter under review, the Group has achieved a revenue and profit before tax of RM10.8 million and RM2.7 million respectively for the current quarter.

**B2. Comparison with Preceding Quarter's Result**

The Group's revenue for the current quarter registered at RM10.8 million compared to the revenue of RM14.6 million in the preceding quarter. The profit before tax has decreased from RM5.8 million to RM2.7 million. This is mainly due to the negative goodwill of RM3.1 million which recognised in the preceding quarter.

**B3. Current Year Prospects**

The Board of Directors expects the performance for the financial year ending 2010 to be challenging taking into consideration the global financial and economy uncertainty. The Board of Directors will continue to sustain the Group competitive edge while remained focused on operational efficiency. Barring any unforeseen circumstances, the Board of Directors is of the view that the Group shall record positive performance for the financial year ending 31 December 2010.

**B4. Profit Forecast**

There is no profit forecast issued for the current financial period under review.

**B5. Taxation**

Taxation for the quarter and year to date comprises:

	Current Quarter RM '000	Current Year to Date RM '000
Current Taxation	(175)	106
Deferred Taxation	31	65
	<u>(144)</u>	<u>171</u>

The negative taxation for the current quarter is due to the over provision of taxation for the previous quarter.

**B6. Sale of Unquoted Investment / Properties**

There was no sale of unquoted investments and properties for the financial period under review.

**B7. Purchase or Disposal of Quoted Securities**

There was no purchase or disposal of quoted securities for the financial period under review.

**B8. Status of Corporate Proposals****a) Initial Public Offering (“IPO”)**

In conjunction with the IPO, the Group undertake the Listing Scheme disclosed in Note A6 of the interim financial report.

**b) Utilisation of Proceeds**

The gross proceeds from the Public Issue of RM13.65 million shall be utilised in the following manner:

Nature of utilisation	Time frame for utilisation from the date of the Listing	Proposed utilisation (RM'000)	Actual utilisation (RM'000)
Purchase of machineries	Within 2 years	3,000	*949
Setup service offices in Indonesia, PNG and Nigeria	Within 2 years	1,500	-
Repayment of bank borrowings	Within 6 months	2,500	**1,717
R&D expenditure	Within 1 year	500	-
Working capital	Within 1 year	4,350	-
Listing expenses	Within 3 months	1,800	1,842
Total		13,650	4,508

Note:

\* : Down payment made for the purchase of machineries.

\*\* : Repayment of term loan to Malaysian Industrial Development Finance Berhad.

**B9. Group Borrowings and Debt Securities**

The Group's borrowings as at 31 December 2009 are as follows:

	Secured RM '000	Unsecured RM '000	Total RM '000
<b>Short Term Borrowings</b>			
Hire Purchase Creditors	172	-	172
Term loan	<u>200</u>	<u>-</u>	<u>200</u>
	372	-	372
<b>Long Term Borrowings</b>			
Hire Purchase Creditors	339	-	339
Term loan	<u>437</u>	<u>-</u>	<u>437</u>
Total	<u><u>1,148</u></u>	<u><u>-</u></u>	<u><u>1,148</u></u>

**B10. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments for the current financial period to date.

**B11. Material Litigation**

There were no material litigation for the current financial period to date.

**B12. Dividend proposed**

The Group propose a final dividend of 3% single tier tax exempt dividend for the year ended 31 December 2009. The propose dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting.

**B13. Earnings per Share**

The basic earnings per share (“EPS”) for the current quarter are calculated based on the profit after tax (“PAT”) and number of ordinary shares outstanding during the period as follows:

	Current Quarter	Current Year To Date
PAT (RM '000)	2,847	8,625
Number of ordinary shares ('000)	39,000	39,000
EPS (Sen)	7.30	22.12
	Weighted average number of ordinary shares	
At the beginning and end of the period	<u>39,000,002</u>	<u>39,000,002</u>

**B14. Related Party Transactions**

During the financial period under review, there were no related party transactions.

**B15. Authorization for Issue**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 22 February 2010.

**By Order of the Board**

Dato' Seri Tan King Tai @ Tan Khooon Hai  
(Executive / Finance Director)

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22 February 2010