

**ECS ICT BERHAD**

(351038-H)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As At 30/06/2010 RM'000	As At 31/12/2009 RM'000
ASSETS			
Non-current assets			
Plant and equipment		3,546	3,722
Goodwill		571	-
Deferred tax assets		1,015	1,394
Investment in club membership		62	62
		<u>5,194</u>	<u>5,178</u>
Current assets			
Inventories		97,485	91,296
Receivables, deposits and prepayments		145,696	177,074
Cash and cash equivalents		16,903	24,236
Tax recoverable		1,354	54
		<u>261,438</u>	<u>292,660</u>
TOTAL ASSETS		<u>266,632</u>	<u>297,838</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		60,000	46,000
Share premium		25,903	-
Retained profits		46,036	37,337
		<u>131,939</u>	<u>83,337</u>
Minority interest		-	6,226
Total equity		<u>131,939</u>	<u>89,563</u>
Non-current liabilities			
Deferred tax liabilities		44	163
Other payables		29	29
		<u>73</u>	<u>192</u>
Current liabilities			
Payables and accruals		116,802	153,264
Borrowings	25	11,800	51,700
Taxation		5,507	3,119
Derivative liability	26	511	-
		<u>134,620</u>	<u>208,083</u>
Total liabilities		<u>134,693</u>	<u>208,275</u>
TOTAL EQUITY AND LIABILITIES		<u>266,632</u>	<u>297,838</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		1.10	0.91

Notes:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 of the Company and the accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/06/2010 RM'000	Preceding Year Corresponding Quarter 30/06/2009 RM'000	Current Year Year-To-Date 30/06/2010 RM'000	Preceding Year Corresponding Period 30/06/2009 RM'000
Revenue		311,140	N/A	626,237	N/A
Cost of sales		(289,246)	N/A	(585,779)	N/A
Gross profit		21,894	N/A	40,458	N/A
Other operating expenses		(11,056)	N/A	(21,403)	N/A
Other operating income		6	N/A	12	N/A
Results from operating activities		10,844	N/A	19,067	N/A
Interest expense		(307)	N/A	(847)	N/A
Interest income		42	N/A	55	N/A
Profit before tax		10,579	N/A	18,275	N/A
Tax expense	21	(2,776)	N/A	(4,673)	N/A
Profit for the period		7,803	N/A	13,602	N/A
Other comprehensive income for the period, net of tax		-	N/A	-	N/A
Total comprehensive income for the period		7,803	N/A	13,602	N/A
Profit attributable to:					
Equity holders of the Company		7,803	N/A	13,499	N/A
Minority interest		-	N/A	103	N/A
		7,803	N/A	13,602	N/A
Total comprehensive income attributable to:					
Equity holders of the Company		7,803	N/A	13,499	N/A
Minority interest		-	N/A	103	N/A
		7,803	N/A	13,602	N/A
Earnings per share attributable to equity holders of the Company:					
Basic (sen)	29	6.6	N/A	12.9	N/A
Diluted (sen)	29	6.6	N/A	12.9	N/A

Notes:

N/A Not applicable

- (a) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 of the Company and the accompanying explanatory notes attached to the interim financial statements.
- (b) This is the second interim financial report on the consolidated results of the Group announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad after the Company was listed on 15 April 2010. As such, there are no comparative figures for the preceding year's corresponding quarter and period.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<-- Attributable to Equity Holders of the Company -->					
	Share Capital	Share Premium	Distributable Retained Profits	Total	Minority Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2010	46,000	-	37,337	83,337	6,226	89,563
Total comprehensive income for the period	-	-	13,499	13,499	103	13,602
Issue of ordinary shares:						
Issued for cash	13,500	25,920	-	39,420	-	39,420
Additional investment in a subsidiary	500	960	-	1,460	(6,329)	(4,869)
Listing expenses	-	(977)	-	(977)	-	(977)
Dividends	-	-	(4,800)	(4,800)	-	(4,800)
At 30 June 2010	<u>60,000</u>	<u>25,903</u>	<u>46,036</u>	<u>131,939</u>	<u>-</u>	<u>131,939</u>

Notes:

- (a) *The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 of the Company and the accompanying explanatory notes attached to the interim financial statements.*
- (b) *This is the second interim financial report on the consolidated results of the Group announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad after the Company was listed on 15 April 2010. As such, there are no comparative figures for the preceding year's corresponding period.*



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year-To-Date 30/06/2010 RM'000	Preceding Year Corresponding Period 30/06/2009 RM'000
Cash Flows from Operating Activities		
Profit before tax	18,275	N/A
Adjustments for:		
Non-cash items	600	N/A
Non-operating items	792	N/A
Operating profit before working capital changes	<u>19,667</u>	<u>N/A</u>
Changes in working capital	<u>(1,111)</u>	<u>N/A</u>
Cash generated from operations	<u>18,556</u>	<u>N/A</u>
Tax paid	<u>(3,326)</u>	<u>N/A</u>
Net cash generated from operating activities	<u>15,230</u>	<u>N/A</u>
Cash Flows from Investing Activities		
Additional investment in a subsidiary	(5,440)	N/A
Purchase of plant and equipment	(537)	N/A
Proceeds from disposal of plant and equipment	63	N/A
Interest received	55	N/A
Net cash used in investing activities	<u>(5,859)</u>	<u>N/A</u>
Cash Flows from Financing Activities		
Proceeds from issue of share capital	39,420	N/A
Listing expenses paid	(977)	N/A
Net repayment of borrowings	(39,900)	N/A
Interest paid	(847)	N/A
Dividends paid	(14,400)	N/A
Net cash used in financing activities	<u>(16,704)</u>	<u>N/A</u>
Net increase in cash and cash equivalents	(7,333)	N/A
Cash and cash equivalents at beginning of period	<u>24,236</u>	<u>N/A</u>
Cash and cash equivalents at end of period	<u>16,903</u>	<u>N/A</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	<u>16,903</u>	<u>N/A</u>

Notes:

N/A Not applicable

- (a) The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 of the Company and the accompanying explanatory notes attached to the interim financial statements.
- (b) This is the second interim financial report on the consolidated results of the Group announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad after the Company was listed on 15 April 2010. As such, there are no comparative figures for the preceding year's corresponding period.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS ("FRS") 134: INTERIM FINANCIAL REPORTING

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 of the Group and the accompanying explanatory notes attached to the interim financial statements.

2. Summary of significant accounting policies

Save as disclosed below, significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 31 December 2009 of the Group:

On 1 January 2010, the Group adopted the following FRSs, Issues Committee ("IC") Interpretations and Amendments mandatory for financial periods beginning on or after 1 July 2009 or 1 January 2010:

FRS 4: Insurance Contracts
FRS 7: Financial Instruments: Disclosures
FRS 8: Operating Segments
FRS 101: Presentation of Financial Statements
FRS 123: Borrowing Costs
FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards
Amendments to FRS 2: Share-based Payment Vesting Conditions and Cancellations
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7: Financial Instruments: Disclosures
Amendments to FRS 8: Operating Segments
Amendments to FRS 107: Statement of Cash Flows
Amendments to FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110: Events After the Balance Sheet Date
Amendments to FRS 116: Property, Plant and Equipment
Amendments to FRS 117: Leases
Amendments to FRS 118: Revenue
Amendments to FRS 119: Employee Benefits
Amendments to FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
Amendments to FRS 123: Borrowing Costs
Amendments to FRS 127: Consolidated and Separate Financial Statements
Amendments to FRS 128: Investments in Associates
Amendments to FRS 129: Financial Reporting in Hyperinflationary Economies
Amendments to FRS 131: Interests in Joint Ventures
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS 134: Interim Financial Reporting
Amendments to FRS 136: Impairment of Assets
Amendments to FRS 138: Intangible Assets
Amendments to FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 140: Investment Property



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PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS ("FRS") 134: INTERIM FINANCIAL REPORTING

2. Summary of significant accounting policies (continued)

IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

Other than the implications as discussed below, the adoption of the above FRSs, IC Interpretations and Amendments do not have any material impact on the financial statements of the Group:

(a) FRS 8: Operating Segments

FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group presents its segment information based on its business segments, which is also the basis of presenting its monthly internal management reports. The basis of measurement of segment results, segment assets and segment liabilities are same as the basis of measurement for external reporting.

(b) FRS 101: Presentation of Financial Statements

FRS 101 requires all changes in equity arising from transactions with owners in their capacity as owners (i.e. owner changes in equity) to be presented separately from non-owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in the statement of comprehensive income.

(c) FRS 139: Financial Instruments: Recognition and Measurement

This standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell nonfinancial items and permits hedge accounting only under strict circumstances. In accordance with the requirement of this standard, forward foreign currency exchange contracts of the Group have been measured at fair value and the changes in the fair value are recognised in profit or loss. As allowed under the transitional provisions of FRS 139, the Group has not applied the standard retrospectively.

3. Auditor's report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2009.

4. Seasonal or cyclical factors

The Group's operations were not significantly affected by seasonal or cyclical factors.



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PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS ("FRS") 134: INTERIM FINANCIAL REPORTING

5. Unusual items

There were no significant unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter.

6. Material changes in estimates

There were no changes in estimates of amounts that have had a material effect in the current financial quarter results.

7. Debt and equity securities

In conjunction with, and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Market of Bursa Securities on 15 April 2010, the Company has completed the listing scheme as below:

(a) Initial public offering:

- (i) Public issue of 27,000,000 new ordinary shares of RM0.50 each ("ECSB Shares") at an issue price of RM1.46 per share; and
- (ii) Offer for sale of up to 20,000,000 ECSB Shares at an offer price of RM1.46 per share, of which 15,692,000 ECSB Shares were taken up.

- (b) The Company had on 18 June 2009, entered into a Share Sales Agreement with SiS Investment Holdings Limited to acquire the remaining 80,000 ordinary shares of RM1.00 each, representing 20% of the total issued and paid up share capital of ECS Pericomp Sdn. Bhd., a 80% owned subsidiary company of the Company, for a purchase consideration of RM6,900,000. ("Proposed 20% Pericomp Acquisition")

The purchase consideration of RM6,900,000 was satisfied through the issuance of 1,000,000 new ordinary shares of RM0.50 each at RM1.46 per share and cash of RM5,440,000.

8. Dividends paid

Dividends paid during the financial period were as follows:

- (a) An interim dividend of RM2,933,956, less tax at 25%, totalling RM2,200,467 and a single tier interim dividend of RM7,399,533 in respect of the financial year ended 31 December 2009, representing dividends payable by a subsidiary to shareholders of the Company prior to the Group's internal rationalisation exercise, were paid on 22 February 2010.
- (b) A single tier interim dividend of 4 sen per ordinary share, totalling RM4,800,000 in respect of the financial year ended 31 December 2010 was paid on 15 June 2010.

9. Segmental reporting

Segment information is presented in respect of the Group's business segments.

The Group comprises the following main business segments:

- (i) ICT distribution Distribution of volume ICT products to resellers, comprising mainly retailers
- (ii) Enterprise systems Distribution of value ICT products to resellers, comprising mainly system integrators and corporate dealers
- (iii) ICT services Provision of ICT services



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PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS ("FRS") 134: INTERIM FINANCIAL REPORTING

9. Segmental reporting (continued)

Segmental information for the Group is presented as follows:

<u>Six months financial period ended 30 June 2010</u>	ICT distribution RM'000	Enterprise systems RM'000	ICT services RM'000	Other non-reportable segment RM'000	Total RM'000	Elimination RM'000	Total RM'000
Sales to external customers	441,641	177,855	6,741	-	626,237	-	626,237
Inter-segment sales	817	5,158	1,283	4,617	11,875	(11,875)	-
Total sales	<u>442,458</u>	<u>183,013</u>	<u>8,024</u>	<u>4,617</u>	<u>638,112</u>	<u>(11,875)</u>	<u>626,237</u>
Profit before tax	<u>12,551</u>	<u>5,278</u>	<u>289</u>	<u>5,372</u>	<u>23,490</u>	<u>(5,215)</u>	<u>18,275</u>

This is the second interim financial report on the consolidated results of the Group announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad after the Company was listed on 15 April 2010. As such, there are no comparative figures for the preceding year's corresponding period.

10. Carrying amounts of revalued assets

The valuations of plant and equipment have been brought forward without amendments from the financial statements for the financial year ended 31 December 2009.

11. Material events subsequent to the end of the financial period

There are no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements.

12. Changes in the composition of the Group

Save as disclosed in Note 7(b), there were no changes in the composition of the Group.

13. Contingent liabilities and contingent assets

(a) Contingent liabilities

The amounts of contingent liabilities as at the end of current financial period is as follows:

	As At 30/06/2010 RM'000	As At 31/12/2009 RM'000
Guarantees to suppliers and banks for trade credit facilities granted	<u>79,334</u>	<u>79,523</u>

(b) Contingent assets

There were no contingent assets as at the end of current financial period.



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PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS ("FRS") 134: INTERIM FINANCIAL REPORTING

14. Capital commitments

There were no material capital commitments as at the end of current financial period.

15. Capital expenditure

The major additions and disposals of the plant and equipment during the current quarter and financial year-to-date were as follows:

	Current Year Quarter 30/06/2010 RM'000	Current Year Year-To-Date 30/06/2010 RM'000
Plant and equipment: Additions	444	537

16. Significant related party transactions

Related parties are those defined under FRS 124: Related Party Disclosures. The Directors are of the opinion that the related party transactions and balances described below were carried out in the ordinary course of business and on commercial terms that are no more favourable than those available to other third parties.

	Current Year Year-To-Date 30/06/2010 RM'000	Balance Due From/(To) As At 30/06/2010 RM'000
(a) Transactions with a subsidiary of ECS Holdings Limited:		
<u>Purchases</u>		
PT ECS Indo Jaya	64	-
(b) Transactions with companies in which certain Directors have substantial interests:		
<u>Sales</u>		
ECS Techno_Sys (Asia Pacific) Pte Ltd	16	-
KDU College Sdn Bhd	532	136
KDU Smart School Sdn Bhd	310	152
Paramount Construction Sdn Bhd	2	-
Paramount Corporation Berhad	29	26
Paramount Engineering & Construction Sdn Bhd	5	-
Paramount Property Construction Sdn Bhd	7	-
Paramount Property Development Sdn Bhd	26	-
Paramount Property (Utara) Sdn Bhd	2	-
<u>Rental expense</u>		
Enrich Platinum Sdn Bhd	773	-



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

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

17. Review of performance

For the current quarter under review, the Group achieved higher revenue and profit before tax of RM311.1 million and RM10.6 million, respectively, compared with RM294.1 million and RM8.5 million, respectively, recorded in the previous year corresponding period. For the six month period ended 30 June 2010, the Group also recorded a higher revenue of RM626.2 million and profit before tax of RM18.3 million compared with the previous year's corresponding period of RM588.0 million and RM13.7 million, respectively.

The increase in revenue is mainly due to the strengthening of the domestic economy and improved market conditions. The improvement in profitability is attributed to the revenue growth of 6.5% and higher margins recorded during the six month period under review.

18. Material changes in the profit before tax for the current quarter as compared with the immediate preceding quarter

Profit before tax for the current quarter under review of RM10.6 million was higher by 37.7% compared with the immediate preceding quarter of RM7.7 million due mainly to the improvement in gross profit margins.

19. Prospects for the current year

In view of the positive outlook for the country's economy for 2010, the Group's performance is expected to be better than that of 2009.

20. Profit forecast or profit guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee.

21. Tax expense

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2010 RM'000	Preceding Year Corresponding Quarter 30/06/2009 RM'000	Current Year Year-To-Date 30/06/2010 RM'000	Preceding Year Corresponding Period 30/06/2009 RM'000
Current income tax:				
Current year	2,411	N/A	4,442	N/A
Prior year	-	N/A	(28)	N/A
	<u>2,411</u>	<u>N/A</u>	<u>4,414</u>	<u>N/A</u>
Deferred tax	365	N/A	259	N/A
	<u>2,776</u>	<u>N/A</u>	<u>4,673</u>	<u>N/A</u>

The effective tax rates of the Group for the current quarter and year-to-date are higher than the Malaysian statutory tax rate due mainly to certain expenses which are not deductible for tax purposes.

22. Sales of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties during the quarter.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

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

23. Quoted securities

There was no purchase or disposal of quoted securities during the current quarter and financial year-to-date under review. The Group did not hold any quoted securities as at 30 June 2010.

24. Corporate proposals

(a) Status of corporate proposals - Initial Public Offering ("IPO")

On 19 March 2010, the Company issued a prospectus for the public issue of 27,000,000 new ECSB Shares at an issue price of RM1.46 per share in conjunction with its listing on the Main Market of Bursa Securities.

The entire enlarged issued and paid-up share capital of RM60,000,000 comprising 120,000,000 ordinary shares of RM0.50 each of the Company was successfully listed on the Main Market of Bursa Securities on 15 April 2010.

(b) Status of utilisation of proceeds

The public issue of 27,000,000 new ECSB Shares in conjunction with the Company's listing on the Main Market of Bursa Securities raised a total gross proceeds of RM39.42 million. The status of utilisation of the proceeds as at 27 July 2010 (being the latest practicable date) is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation		Balance RM'000	Intended Timeframe for Utilisation from Date of Listing	Explanations
			RM'000	%			
(i) Working capital	24,320	24,320	-	-	-	12 months	Utilisation of proceeds is completed as proposed.
(ii) To fund the Proposed 20% Pericomp Acquisition	5,440	5,440	-	-	-	7 days	Utilisation of proceeds is completed as proposed.
(iii) Business expansion	5,000	47	-	-	4,953	12 months	Utilisation of proceeds is in progress.
(iv) Estimated listing expenses	3,000	2,587	-	-	413	6 months	Utilisation of proceeds is up to the latest practicable date.
(v) To settle indebtedness arisen from acquisition of subsidiaries	1,660	1,660	-	-	-	7 days	Utilisation of proceeds is completed as proposed.
	<u>39,420</u>	<u>34,054</u>	<u>-</u>	<u>-</u>	<u>5,366</u>		



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

25. Borrowings and debt securities

The Group's borrowings as at 30 June 2010 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:			
Bankers' acceptances	-	11,800	11,800
Long term borrowings	-	-	-
Total	<u>-</u>	<u>11,800</u>	<u>11,800</u>

There were no borrowings denominated in foreign currency as at the end of current financial period.

26. Financial instruments - derivatives

As at 30 June 2010, the foreign currency contracts which have been entered into by the Group to hedge its foreign purchases in foreign currencies are as follows:

Forward Foreign Currency Contracts	Contract Value RM'000	Fair Value RM'000	Changes in Fair Value RM'000
US dollar - less than 1 year	<u>32,959</u>	<u>32,448</u>	<u>(511)</u>

Derivative financial assets and liabilities are initially recognised, and subsequently measured at fair value. The fair values of derivatives are determined based on market data (primarily exchange rates) to calculate the present value of all estimated flows associated with each derivative at the balance sheet date. The Group's derivatives are principally in respect of forward foreign currency contracts used to hedge its foreign currency purchases.

Forward foreign currency contracts of the Group have been measured at fair value and the changes in the fair value are recognised in profit or loss.

Credit risk

The above financial instruments were executed with creditworthy financial institutions in Malaysia in line with the Group's policy.

Cash requirements

The Group will fund the cash requirements of these derivatives from its net cash flow from operating activities when the payments fall due.

Unrealised unappropriated profits

The unrealised portion within retained profits as at 30 June 2010 relates to net fair values movements of the Group's derivatives as at 30 June 2010.



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

27. Changes in material litigation

There was no change since the preceeding quarter on the legal action against the guarantor of Tsun Macro Sdn Bhd, that is Ng Yong Long (Second Defendant). The hearing of the matter at the Court of Appeal is still pending.

On the legal action against Mangotone Group Berhad and Tecasia Sdn Bhd, the Court has fixed the hearing of summary judgment on 20 September 2010.

The outcome of the above two cases will have no material adverse financial impact.

28. Dividend

- (a) No dividend has been recommended in the current quarter under review.
- (b) Total dividend of 4 sen per ordinary share has been paid for the current financial year.

29. Earnings per share

The basic and diluted earnings per share ("EPS") for the current quarter and current year-to-date are computed as follows:

	Current Year Quarter 30/06/2010	Current Year Year-To-Date 30/06/2010
Profit attributable to equity holders of the Company (RM'000)	7,803	13,499
Weighted average number of ordinary shares in issue ('000)	117,538	104,840
Basic earnings per share (sen)	6.6	12.9
Diluted earnings per share (sen)	<u>6.6</u>	<u>12.9</u>

Basic and diluted EPS are the same as there were no dilutive potential ordinary shares in issue for the current quarter and cumulative quarter.

By order of the Board

Tay Lee Kong
Company Secretary

3 August 2010
Selangor