

(Company No.: 863263 – D)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PART 1-Explanatory Notes Pursuant to FRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2010.

A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent annual audited financial statement for the year ended 31 December 2010.

A3. Adoption of FRSs, Amendments to FRSs and IC Interpretations

The Group has adopted the following standards and interpretations:

Amendments to FRS 132	Classification of Rights issues
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (<i>Revised</i>)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to FRS 1	Limited Exemption from Comparatives FRS 7 <i>Disclosures for First-time Adopters and Additional Exemptions for First Time Adopters</i>
Amendments to FRS 2	Group Cash-Settled Share Based Payment transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments

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Improvement in FRS Issued in 2010

IC interpretation 4	Determining whether an arrangement contains a Lease
TR 3	Guidance on Disclosures of Transitions to IFRS
IC Interpretation 18	Transfer of Assets from Customers

FRS 3 (revised), which is to be applied prospectively, incorporates the following changes to the existing FRS 3:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Goodwill is measured at the difference between the aggregate of the consideration transferred, any non-controlling interest in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, and the net identifiable asset acquired. If the acquirer has made a gain from a bargained purchase, the gain is recognized in the income statement.
- Any non-controlling interest (previously known as minority interest) will be measured at either fair value or at its proportionate share of the acquiree's net identifiable assets.

The amendments to FRS 127 require changes in group composition to be accounted for as equity transactions between the group and its non-controlling interest holders. Prior to the adoption of FRS 127, changes in group composition are accounted for in accordance with acquisition method. The amendments to FRS 127 further require all losses attributable to minority interest to be absorbed by minority interest i.e. the excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group's interest.

A4. Auditors report of preceding Annual Financial Statements

The audit report on the Group's financial statements for the financial year ended 31 December 2010 was not subject to any qualification.

A5. Seasonal or cyclical factors

The business operations of the Group are affected by the cycles of capital and repairs/maintenance programs implemented by major players in the oil, gas, and petrochemical sector.

A6. Unusual items due to nature of size or incidence

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

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A7. Change in estimates

There were no changes in estimates that have had material effect on the results of the financial quarter under review.

A8. Carrying amount of revalued assets

The valuation of property, plant and equipment has been brought forward without amendment from the audited financial statements for the financial period 31 December 2010.

A9. Debt and equity security

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter under review.

A10. Dividends

On 23 September 2011, an interim tax exempt (single-tier) dividend of 2.5 sen per ordinary share of 50 sen each for the financial year ending 31 December 2011 was declared and duly paid on 24 October 2011.

A11. Segment information

Segment information are presented in respect of the Group's geographical segment, which is based on the company's management reporting structure where discrete financial information is available and regularly review by the Chief Operation Decision Maker.

Transfer prices between the operating segments are on arm's length basis in a manner similar to transactions with third parties.

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Segment analysis for the cumulative period ended 30 September 2011 is set out below:

	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue					
External Sales	4,981	25,516	2,433	-	32,930
Inter-segment Sales		358	335	(693)	-
	4,981	25,874	2,768	(693)	32,930
Interest Income	58	16	1	-	75
Results					
Profit/(Loss) from Operation	(52)	4,667	514	(9)	5,120
Finance cost					-
Share of Profit of associates	-	-	-	-	2,927
Profit Before Taxation	-	-	-	-	8,047
Taxation	-	-	-	-	(912)
Profit after taxation	-	-	-	-	7,135

Sales derived from three customers in Singapore segment accounted for 18.3%, 11.0% and 10.4% respectively of the group's total sales.

A12. Subsequent Event

There was no material subsequent event that will materially affect the financial statements of the period under review.

A13. Change in the composition of the Group

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

A14. Contingent Liabilities

At the date of this report, there were no changes in contingent liabilities liability since date of the last report.

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A15. Capital Commitment

The Group has the following commitments as at 30 September 2011:

	Contracted	Not Contracted	As at 30 Sept 2011
	RM'000	RM'000	RM'000
Capital expenditure approved for :			
Plant, Property & Equipment	815	-	815

The capital commitment and contracted upon are for the purchase of Overhead Traveling Crane, Hard-Bearing Balancing Machine, Suction Blast Machine, Reciprocating Air Compressor, Forklift, electrical panel and installation charges amounting to USD90,645 and IDR1,451,765,786 respectively.

A16. Significant related party transaction

There was no related party transaction in the financial period under review.

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PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia

B1. Performance Review

Group revenue for the third quarter ended 30 September 2011 was RM0.494 million lower as compared with the corresponding quarter of the preceding year of RM9.483 million. This was mainly due to lower revenue achieved by the Singapore segment that was caused by the delay of a number of orders delivery.

The Group recorded a profit before tax of RM2.666 million for the current quarter against RM3.217 million in the corresponding period of the preceding year. This lower profit before tax was mainly due to a drop of 8.52% in gross profit margin as compared to the comparative.

B2. Comparison between the current Quarter and Immediate Preceding Quarter

	Current Quarter 30 Sept 2011 RM'000	Preceding Quarter 30 June 2011 RM'000
Revenue	8,989	12,432
Profit before Tax	2,666	3,439

Current quarter recorded revenue of RM8.989 million, a decrease of RM3.443 million as compared to preceding quarter. This lower billing was due mainly to delay in a number of orders delivery.

The Profit before Tax was recorded RM0.773 million lower than preceding quarter mainly due to lower revenue in margin and value achieved in current quarter.

B3. Prospects

The Group will continue to focus on the market and products to stay competitive for the rest of the year.

B4. Notes on variance in actual profit and shortfall in profit guarantee

The Group has not issued any profit forecast or profit guarantee for the current financial quarter under review.

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B5. Income Tax Expenses

	Current Period		Cumulative Period	
	30 Sept 2011	30 Sept 2010	31 Sept 2011	30 Sept 2010
Current tax	RM'000	RM'000	RM'000	RM'000
- Malaysian income tax	22	-	63	-
- Foreign income tax	311	448	904	1,472
Transfer to Deferred Tax Asset	(55)	-	(55)	-

The Group's effective tax rate for the period is 11.3%, which is lower than the statutory tax rate of 25% principally due to income subjected to different tax regime, utilisation of unabsorbed allowances, utilisation of business loss and share of associated company results which is net of tax.

B6. Disposal of unquoted Investment and/or Properties

There were no disposals of unquoted investments and/or properties in the current period.

B7. Investment in quoted securities

The Group does not have any investment in quoted securities.

B8. Status of Corporate Proposals

- a) There were no corporate proposals announced but not completed as at the date of this report.

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b) Utilisation of Proceeds

The gross proceeds from the Public Issue of approximately RM11.38 million utilised up to the date of this announcement are as follows:

Purposes	Timeframe for utilisation	Proposed utilisation RM'000	Actual utilisation RM'000
1) Expansion of business facilities			
a) Indonesia	Within 12 months	2,000	2,000
b) Thailand	Within 24 months	2,000	-
2) Working Capital	Within 24 months	4,883	2,922
3) Estimated listing expenses	Immediate	2,500	2,500
Total		11,383	7,422

Actual listing expenses incurred was RM2,747,000 which was higher than estimated amount of RM2,500,000. The differences were funded out of the proceeds allocated for working capital.

B9. Group Borrowing

	Current Quarter 30 Sept 2011 RM'000	Corresponding Quarter 30 Sept 2010 RM'000
Unsecured		
Long term borrowings	-	4
Obligations under finance lease	5	10
Unsecured		
Short term borrowings	-	1
Obligations under finance lease	7	3

B10. Derivative Financial Instruments

There were no outstanding derivatives as at 30 September 2011.

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B11. Gains/Losses from Fair Value changes of Financial Liabilities

There were no gains/losses arising from fair value changes of the financial liabilities for the current quarter and financial period.

B12. Material litigation

Wong Sin Fatt t/a Jin. Foong Engineering Trading and Services has filed a Statement of Claim against Bayu Purnama Sdn. Bhd. ("BPSB") under Writ of Summon No. 22-99-2010 for RM1,069,380.00 for goods allegedly sold and delivered.

BPSB has filed a defence and the above matter was fixed for further Case Management on 23 June 2011. BPSB will provide the court with the list of witness in as required.

The court has fixed the trial on 12 & 13 March 2012.

There is no further update on the case.

B13. Dividend

On 23 September 2011, an interim tax exempt (single-tier) dividend of 2.5 sen per ordinary share of 50 sen each for the financial year ending 31 December 2011 was declared and duly paid on 24 October 2011.

B14. Earnings per Share

The basic earnings per share have been calculated by dividing the Group's profit for the financial quarter under review attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial quarter under review.

	Current Quarter 30 Sept 2011 RM'000	Corresponding Quarter 30 Sept 2010 RM'000
Profit net of tax attributable to owners of the Parent	2,374	2,769
Weighted average number of ordinary Shares	108,000,000	100,880,490
Basic earnings per share(Sen)	2.20	2.74

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The Company does not have any convertible shares or convertible financial instrument for the financial quarter under review.

B15. Auditors report of preceding Annual Financial Statements

The audit report on the Group's financial statements for the financial year ended 31 December 2010 was not subject to qualification.

B16. Realised and Unrealised Profits of the Group

The retained profits as at 30 September 2011 is analysed as follows:

	Current Quarter 30 Sept 2011 RM'000	Corresponding Quarter 30 Sept 2010 RM'000
Total retained profits of the Group and its subsidiaries:		
- realised profits	15,723	20,679
- unrealised profits/ (loss)	339	-
Total share of retained profits from associated companies:		
- realised profits	6,355	2,083
- unrealised (loss)/ profits	-	-
Less: Consolidation adjustments	(17,172)	(15,951)
Total Group retained profits as per consolidated accounts	5,245	6,811

The determination of realised and unrealised profits is made based on the Guidance on Special Matter No. 1, determination of Realised and Unrealised Profits or Loss in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.