

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

### **PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (“FRS”) 134**

#### **1. Basis Of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 - Interim Financial Reporting (formerly known as MASB 26) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2011. 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 financial year ended 30 June 2011.

#### **2. Accounting Policies**

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the year ended 30 June 2011 except for adoption of the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are applicable to its financial statements.

Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Group Cash Settled Share-based Payment
Amendments to FRS 2	Improvements of FRSs 2010
Amendments to FRS 5	Plan to Sell the Controlling Interest in a Subsidiary
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Annual Improvements of FRSs 2010	

The adoption of the above FRSs, Amendments to FRSs and IC Interpretations does not have significant financial impact on the Group.

#### **3. Status Of Audit Qualification**

The audited financial statements for the year ended 30 June 2011 was not subject to any qualification.

#### 4. Seasonal Or Cyclical Factors

The results of the Group are not subject to any seasonal or cyclical factors.

#### 5. Nature And Amount Of Exceptional And Extraordinary Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the quarter ended 30 June 2012.

#### 6. Changes In Estimates

There were no material changes in the estimates used for the preparation of this interim financial report.

#### 7. Debt And Equity Securities

During the financial period, there were no issuances, cancellation, repurchases or resale of debt and equity securities.

#### 8. Dividend

There was no dividend paid for the current quarter.

#### 9. Segment Information

Segment analysis for the current financial period-to-date:-

Year Ended 30 June 2012	Investment Holding RM'000	Manufacturing And Trading RM'000	Elimination RM'000	Group RM'000
REVENUE:				
- Export	-	50,934	-	50,934
- Local	500	37,603	(500)	37,603
TOTAL	500	88,537	(500)	88,537
RESULTS:				
Profit Before Income Tax	107	3,649	(500)	3,256
Income Tax Expense	(93)	690	125	722
Profit After Income Tax				3,978

Segmental Analysis for the financial period ended 30 June 2012 by Product Segment:

Detailed Analysis of the Group's Operating Segments										
<b>LEGEND</b> * Market Conditions and demand for its goods and services ^ The level of its operating activities # Factors or circumstances affecting the changes to revenue, costs and profit margin of each business activity or segment Ω Any unusual or one off gains / losses affecting the revenue or profit ◊ Any other information which can provide a better understanding of the Listed Issuer's performance										
No.	Segment	Sales RM'000	(i) *		(ii) ^		(iii) #		(iv) Ω	(v) ◊
1	Confectionery	11,564	Market Conditions		Level		Factors / Circumstances		Unusual or One off Gains -NA-	Other Information -NA-
			Poor	( )	>50%	( )	Raw Material Prices	( v )		
			Average	( )	50.1% > 75%	( )	Market Conditions	( v )		
			Good	( v )	75.1% > 100%	( v )	Product Competition	( )		
			Demand							
			Poor	( )			Market Competition	( v )		
			Average	( )			Prices Increases	( )		
			Strong	( v )			New Product Variety	( )		
							New Product Segment	( )		
							Capacity Expenditure	( )		
				Others:-	( )					
2	Sweets and Candies	76,973	Market Conditions		Level		Factors / Circumstances		Unusual or One off Gains -NA-	Other Information -NA-
			Poor	( )	>50%	( )	Raw Material Prices	( v )		
			Average	( )	50.1% > 75%	( )	Market Conditions	( v )		
			Good	( v )	75.1% > 100%	( v )	Product Competition	( )		
			Demand							
			Poor	( )			Market Competition	( )		
			Average	( )			Prices Increases	( )		
			Strong	( v )			New Product Variety	( )		
							New Product Segment	( )		
							Capacity Expenditure	( )		
				Others:-	( )					

The Group's operations are mainly in the manufacture and trading of sweets and confectionery.

## 10. Revaluation of Property, Plant and Equipment

The Group carried out a revaluation on its land and buildings during the current year. Revaluation surplus was taken up as follows:-

Properties	Net book value RM'000	Revaluation value RM'000	Revaluation surplus RM'000
Land and buildings	28,604	35,352	6,748
Investment properties	3,410	4,416	1,006
			<u>7,754</u>

## 11. Material Subsequent Events

There have been no material events subsequent to the end of the quarter that have not been reflected in the financial statements.

**12. Changes In The Composition Of The Group**

There were no changes in the composition of the Group for the current quarter and financial year-to-date.

**13. Changes In Contingent Liabilities / Assets**

There is a contingent liability amounting to approximately RM40 million being corporate guarantees given to financial institutions for banking facilities granted to a subsidiary company.

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**14. Review Of Performance**

Turnover of the Group of RM22.134 million for the current quarter represents 1.51% decrease over that of RM22.473 million achieved in the preceding year corresponding quarter. The current quarter result reported a profit before income tax of RM54,000 as compared to the result of the same period last year of profit before income tax of RM1.963 million. The result for the current year quarter under review is substantially affected by the change in accounting estimate on the basis of recognition of hire-purchase expenses resulting in an additional RM647,000 charge to Statement of Comprehensive Income.

**15. Material Changes In The Quarterly Results Compared To The Results Of The Preceding Quarter**

	<b>Current Year Quarter 30.6.2012 RM'000</b>	<b>Immediate Preceding Quarter 31.3.2012 RM'000</b>	<b>% +/-</b>
Turnover	22,134	22,646	-2.26
Profit before income tax	<u>54</u>	<u>1,055</u>	-94.88

The Group achieved a lower turnover of RM22.134 million in the current quarter ended 30 June 2012 representing a 2.26% decrease over that of the preceding quarter. Profit before income tax decreased by 94.88% in the current quarter under review as compared to the preceding quarter. The result for the current year quarter under review is substantially affected by the change in accounting estimate on the basis of recognition of hire-purchase expenses resulting in an additional RM647,000 charge to Statement of Comprehensive Income. This performance is within the Group's expectation.

## 16. Prospects for the Current Financial Year

The year ended 30 June 2012 was another challenging year.

The prospects of the confectionery segment are good with stable orders and utilization running at near full capacity. Cost of raw material remains high but stable while fluctuations in currencies are mitigated by the Company setting prices based on a conservative exchange rate valuation. No changes in product mix and no financial impact from any recent corporate acquisitions, disposals and mergers.

The prospects of the sweets and candies segment are good with strong demand from customers. Cost of raw material remains on high but stable while fluctuations in currencies are mitigated by the Company setting prices based on a conservative exchange rate valuation. No changes in product mix and no financial impact from any recent corporate acquisitions, disposals and mergers.

In respect of both business segments, there are no new regulations or changes in business direction which may have impact on the business segments.

The management shall continue its endeavour to ensure that the marketing strategies adopted will put the Group in a better stead for 2013.

## 17. Variance From Profit Forecast

The Group has not made any profit forecast or profit guarantee for the year under review.

## 18. Income tax expense

	<b>Current Year Quarter 30.6.2012 RM'000</b>	<b>Current Year To Date 30.6.2012 RM'000</b>
Income tax liabilities:		
Estimate for the period	(20)	(60)
Overprovison in prior years	32	32
Deferred income tax:		
Transferred from deferred income tax	750	750
	<u>762</u>	<u>722</u>

**19. Corporate Proposals**

There were no new corporate proposals that have been announced by the Company as at date of this report.

**20. Group Borrowings And Debt Securities**

	<b>30.6.2012</b> <b>The Group</b> <b>RM'000</b>
<b>Short term borrowings:</b>	
Bank overdrafts	6,693
Bankers' acceptance	22,162
Hire-purchase creditors	4,006
Term loan	390
	<hr/> 33,251 <hr/>
<b>Long term borrowing</b>	
Hire-purchase creditors	5,035
Term loan	1,494
	<hr/> 6,529 <hr/>
	<hr/> 39,780 <hr/>

Bank overdrafts and credit facilities of a subsidiary companies are secured by corporate guarantees given by the Company.

**21. Realised and Unrealised Retained Profit**

	<b>As at</b> <b>30.6.2012</b> <b>RM'000</b>	<b>As at</b> <b>30.6.2011</b> <b>RM'000</b>
Total retained profit of Company and its subsidiaries:		
- Realised	31,457	27,969
- Unrealised	703	213
Consolidation adjustments	<u>(6,430)</u>	<u>(6,430)</u>
Total Group retained profit	<u><u>25,730</u></u>	<u><u>21,752</u></u>

**22. Material Litigation**

There was no pending material litigation against the Group as at 30 August 2012.

**23. Proposed Dividend**

No dividend is proposed for this quarter under review.

**24. Profit before income tax**

Profit before income tax is stated after charging/(crediting):-

	<b>Current period quarter 30.6.12 RM'000</b>	<b>Current period- to-date (12 months) 30.6.12 RM'000</b>
Interest income	(3)	(3)
Other income including investment income	(489)	(1,849)
Interest expense	1,308	2,927
Depreciation of property, plant and equipment	637	2,418
Provision for and write off of receivables	4	4
Provision for and write off of inventories	-	-
Gain or loss on disposal of quoted or unquoted investments or property, plant and equipment	(3)	(3)
Impairment of assets	-	-
Foreign exchange (gain) or loss	(222)	(1,344)
Gain or loss on derivatives	-	-
Exceptional items	-	-

**25. Earnings Per Share**

The earnings per share is calculated by dividing the Group's profit after income for the financial period over the number of ordinary shares in issue during the financial period as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.6.2012	PRECEDING YEAR CORRESPONDING QUARTER 30.6.2011	CURRENT YEAR TO DATE 30.6.2012	PRECEDING YEAR TO DATE 30.6.2011
Basic	Number of 60,000,000 ordinary shares	Number of 60,000,000 ordinary shares	Number of 60,000,000 ordinary shares	Number of 60,000,000 ordinary shares
Diluted	Not presented as there were no share option granted at the date of the statement of financial position date and the date of this report			

**BY ORDER OF THE BOARD**

**MR LESLIE LOOI MENG**  
**AUDIT COMMITTEE CHAIRMAN**

Dated : 30th August 2012