

**A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT - FRS 134**

**A1 Accounting policies**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The accounting policies and methods of computation in the interim financial statements are consistent with the annual financial statements for the year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations with effect from 1 January 2010:

Effective for financial periods beginning on or after 1 July 2009:

FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010:

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127:

Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary,  
Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations

Amendments to FRS 132: Financial Instruments: Presentation

Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7:

Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded  
Derivatives

Amendments to FRSs ‘Improvements to FRSs (2009)’

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

TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

The adoption of the above standards, amendments and interpretation do not have material impact on the financial statements of the Group except for the adoption of the following standards:-

a) FRS 101: Presentation of Financial Statements

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 cash flow statement and notes to the financial statements.

b) FRS 139: Financial Instruments: Recognition and Measurement

The new Standard on FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

FRS 139 has been applied prospectively in accordance with the transitional provisions of the standard. In accordance to the transitional provisions for the first time adoption of FRS 139, adjustments arising from re-measuring the financial instruments as at 1 January 2010 were recognized as adjustments of the opening balance of retained earnings 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 quarter ended 31 March 2009.

The effect on adopting FRS 139 on the opening reserves of the Group and other items of the consolidated statement of financial position as at 1 January 2010 are as follows:

	Balance as at 1 January 2010 before the adoption of FRS 139 RM'000	Effects on Adopting FRS 139 RM'000	Balance as at 1 January 2010 after the adoption of FRS 139 RM'000
Accumulated losses	35,041	(3,025)	32,016

Statement of financial position as at 31 March 2010	Increase / (Decrease) RM'000
Accumulated losses	(3,025)

The following new FRSS Amendments and Interpretations which were issued but not yet effective and have not been applied by the Group:

Effective for financial periods beginning on or after 1 July 2010:

FRS 1: First-time Adoption of Financial Reporting Standards

FRS 3: Business Combinations (revised)

FRS 127: Consolidated and Separate Financial Statements (amended)

Amendments to FRS 2: Share-based Payment

Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations  
Amendments to FRS138: Intangible Assets  
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives  
IC Interpretation 12: Service Concession Arrangements  
IC Interpretation 15: Agreements for the Construction of Real Estate  
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation  
IC Interpretation 17: Distributions of Non-cash Assets to Owners

The new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group upon their initial application

**A2 Audit Qualification**

There was no audit qualification in the annual audit report of the Company's previous annual financial statements for the year ended 31 December 2009.

**A3 Seasonal or cyclical factors**

The principal business operations of the Group were not significantly affected by seasonal or cyclical factors.

**A4 Items of unusual nature and amount**

There were no items affecting the assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size or incidence.

**A5 Changes in estimates of amounts reported in prior interim periods of the current and prior financial years**

There were no significant changes in estimates of amounts reported in prior interim periods of the current or previous financial years that have a material effect in the current interim period.

**A6 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

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

**A7 Dividends paid**

There was no dividend paid for the period ended 31 March 2010.

**A8 Segment revenue and results**

No segmental reporting by activity is prepared as the Group is principally involved in one industry and one country.

**A9 Valuation of property, plant and equipment**

The valuations of property, plant and equipment have been carried forward without amendment from the financial year ended 31 December 2009.

**A10 Subsequent events**

As of todate, there has been no other material event subsequent to the period ended 31 March 2010.

**A11 The effect of changes in the composition of the Group during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations**

There were no changes in the composition of the Group during the current period.

**A12 Contingent liabilities and contingent assets**

As of todate, there have been no significant changes in contingent liabilities or contingent assets since the last balance sheet date.

**B. ADDITIONAL INFORMATION AS REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS (PART A OF APPENDIX 9B)**

**B1 Review of performance**

The Group registered revenue of RM10.8 million for the current quarter and period to date as compared to RM13.6 million for the preceding year corresponding quarter and period to date. The decline in revenue for the current quarter and period to date was mainly attributable to lower selling prices for the Group's products.

The Group recorded loss before taxation of RM3.1 million for the current quarter and period to date as compared to profit before taxation of RM0.4 million for the preceding year corresponding quarter and period to date. This was primarily due to lower revenue, higher repair and maintenance costs as well as unabsorbed fixed costs as a result of the shut down of several production lines which underwent major repair and maintenance during the quarter and period to date under review. However, all these production lines have resumed production at the end of the current quarter.

**B2 Material change in profit before taxation for the current quarter compared to the immediate preceding quarter**

The Group recorded a loss before taxation of RM3.1 million for the current quarter as compared to profit before taxation of RM0.2 million for the immediate preceding quarter. This was primarily due to lower sales volume and selling prices for the Group's products, higher repair and maintenance costs as well as unabsorbed fixed costs as a result of the shut down of several production lines for repair and maintenance as mentioned in B1 for the current quarter under review. Included also in the results for the immediate preceding quarter was the proceeds received totaling RM1.25 million on the maturity of insurance policy.

**B3 Commentary on Company's Prospects**

The Group anticipates that demands for the Group's products should improve in view of the improving economic performance in both Singapore and Malaysia, the Group is hopeful that the pricing will improve in tandem with the increase in demands.

The Group will continue to focus on its strategy and effort to increase its market share, operational efficiency, quality enhancement and productivity in order to remain competitive in the industry.

**B4 Variations from profit forecast and profit guarantee**

Not applicable to the Group as no profit forecast or profit guarantee was published.

**B5 Taxation**

No provision for taxation is necessary, as the Group and Company have no chargeable income.

**B6 Profits/(Losses) on sale of unquoted investments and/or properties**

There were no sales of unquoted investments and/or properties for the current quarter and period to date under review.

**B7 Particulars of purchase or disposal of quoted securities**

a) There were no purchases or disposals of quoted investments for the current quarter and period to date.

b) Investments in quoted securities are as follows:-

	RM '000
At cost	762
At carrying value	136
At market value	136

**B8 Corporate proposals**

a) Status of corporate proposals

There were no corporate proposals announced and not completed as at the date of this report.

**B9 Borrowings and debt securities**

The tenure of Group borrowings (all denominated in Malaysian currency) classified as short and long term categories are as follows:-

	<b>31/03/2010</b>
	<b>RM'000</b>
Short term - secured	15,345
- unsecured	-
Long term - secured	18,315
- unsecured	-
Total	<u><u>33,660</u></u>

**B10 Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk as at the date of this report.

**B11 Material litigation**

The Group is not engaged in any material litigation as at 19 May 2010 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

**B12 Dividends**

The Board of Directors has not recommended any interim dividend for the period ended 31 March 2010 (2009: Nil).

**B13 Earnings per share**

(i) **The basic (loss)/earnings per share is computed as follows:**

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31/03/2010	Preceding Year Corresponding Quarter 31/03/2009	Current Year 31/03/2010	Preceding Year Corresponding Period 31/03/2009
Net (Loss)/Profit For The Period Attributable To Equity Holders Of The Parent (RM'000)	(3,121)	395	(3,121)	395
Weighted Average Number Of Ordinary Shares ('000)	61,938	61,938	61,938	61,938
Basic (Loss)/Earnings Per Share (Sen)	(5.04)	0.64	(5.04)	0.64

(ii) **Diluted (loss)/earnings per share**

The diluted (loss)/earnings per share is presented same as basic (loss)/earnings per share as the conversions of all potential ordinary shares from warrants are not dilutive.

By order of the Board

Leong Siew Foong  
Secretary (MAICSA No. 7007572)  
Batu Pahat  
19 May 2010