

## Part A-Explanatory Notes Pursuant to FRS 134

### **A1. Accounting policies and methods of computation**

The interim financial report has 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. The figures for the quarter ended 31 July 2011 have not been audited.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 October 2010. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year 31 October 2010, except for the followings:

- (i) New and Revised FRSs, IC Interpretations and Amendments issued but are not yet effective and not adopted early for the Group's current period.

The Group has not adopted the following new and revised FRSs, IC Interpretations and Amendments because they are not yet effective for the financial year ended 31 October 2010:

- (a) FRS 3 (revised), Business Combination.
- (b) FRS 137 (revised), Consolidated and Separate Financial Statements.
- (c) Amendments to FRS 2, FRS 5, FRS 138, FRS 139

The Group will adopt these Standards, if relevant to the Group's operation, beginning on 1 November 2010.

### **A2. Seasonal or cyclical of interim operations**

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

### **A3. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There are no unusual items of nature, size or incidence that affect the assets, liabilities, equity, net income or cash flows of the Group during the nine months ended 31 July 2011.

### **A4. Material changes in estimates**

There were no changes in the nature and amount of changes in estimates of amounts reported in the immediate preceding quarter or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter under review.

**A5. Capital management, issuances, repurchase, and repayment of debts and equity instruments**

The Group's objective of managing capital are to safeguard the Group's ability to continue in operations as going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

The Group's strategy is to maintain a maximum gearing ratio of 50%. The ratio is calculated as the total liabilities to total equity. Total equity includes non-controlling interests.

The gearing ratios as at 31 July 2011 and 31 October 2010, which are within the Group's objectives for capital management, are as follows:

As At	31-Jul-11	31-Oct-10	Changes
	RM '000	RM '000	RM '000
Total liabilities	12,721	12,408	313
Total equity	51,671	50,784	887
Total capital	64,392	63,192	1,200
Gearing Ratio	24.6%	24.4%	0.2%

The slight increase in the gearing ratio in the period under review mainly due to lower equity as a result of purchase of treasury shares.

Except disclosed below, there were no shares issued, shares cancellation, resale of treasury shares and repayments of debts and equity securities during the current quarter.

On 28 March 2007, approval has been obtained from the shareholders for the Company to buy-back its own shares. The authority granted by the shareholders was subsequently renewed in the Annual General Meeting held on 28 April 2011. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the share buy-back scheme can be applied in the best interest of the Company and its shareholders.

During the current quarter under review, the Company had purchased 1,072,000 treasury shares at the average price of RM0.9960 per shares. Since the inception of the scheme, a total of 4,035,560 ordinary shares (after a share dividend distributed in May 2009) were repurchased from the open market for a total consideration of RM3,554,493 at an average price of RM0.8808 per share and held as treasury shares in accordance with Section 67A of the Companies Act, 1965. The share buy-back transactions were wholly financed by internally generated fund.

**A6. Dividends paid**

A first and final tax exempted dividend of 1.0 sen per ordinary share of RM1.00 each in respect of financial year ended 31 October 2010 has been paid on 18 May 2011.

**A7. Operating segment information**

With the adoption of FRS 8, Operating Segments, the Group has only two reportable segments: Manufacturing and trading, property investment and investment holding.

Segment information for the year ended 30 April 2011	Manufacturing & Trading	Property Investment	Total
	<i>RM '000</i>	<i>RM '000</i>	<i>RM '000</i>
Revenue from external customer	18,699	1,044	19,743
Intersegment revenue	-	-	-
Reportable segment profit / (loss)	1,899	617	2,516

<b>Reconciliation of profit or loss</b>	<i>RM '000</i>
Total profit for reportable segments	2,516
Investment income	16
Interest income	228
Unallocated amounts:-	
Corporate expenses	(142)
Other non-reportable segments	23
<b>Group's profit before income tax expense</b>	<b><u>2,641</u></b>

**A8. Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statement for the interim period.

**A9. Effects of changes in composition of the Group**

There were no changes to the composition of the Group during the interim period, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

**A10. Changes in contingent liabilities and contingent assets since the date of statement of financial position of prior audited financial statement**

Save as disclosed below, the Company is not aware of any contingent liabilities or contingent assets as at 31 July 2011:-

Contingent liabilities for corporate guarantee given by the Company to financial institutions for credit facilities granted to subsidiary companies.

	<i>RM '000</i>
Total contingent liabilities	5,432

**A11. Capital Commitment**

There were no capital commitments not provided for in the financial statement as at 31 July 2011.

**Part B-Explanatory Notes Pursuant to BURSA MALAYSIA SECURITIES BERHAD,  
Chapter 9 of the Listing Requirement, Part A of Appendix 9B**

**B1. Performance review for the current quarter and financial year-to-date**

For the quarter ended 31 July 2011, the group's pre-tax profit when compared the preceding year's corresponding quarter dropped by 13.4% to RM0.659 million from RM0.761 million. The drop in profitability was attributed to sales declined by 9.7%, gross profit margin slipped down to 27.1% from 29.2% notwithstanding operating expenses cut down by RM0.188 million or 12.7%.

For the nine months ended 31 July 2011, the group pre-tax profit when compared to immediate preceding year's corresponding period jumped to RM2.641 million from RM0.167 million. The significant improvement was arose from sales increased by 14.1% or RM2.426 million, gross profit margin improved to 29.0% from 21.0% and other income jumped by 108.6% or RM0.644 million.

**B2. Comment on any material change in the profit before taxation as compared with immediate preceding quarter.**

For the current quarter ended 31 July 2011, the group's pre-tax profit dipped down to RM0.659 million when compared to pre-tax profit of RM1,375 million achieved in the immediate preceding quarter. The profitability was dragged down by sales dropped by 10.8% or RM0.7333 million, gross profit margin reduced to 27.1% from 30.7% and other income decreased by 45.8% or RM0.268 million.

**B3. Current year's prospect**

Barring any unforeseen circumstances, the Directors envisage to maintain current performance for the remaining quarter of the current financial year.

**B4. Variance of actual profit from forecast profit**

There were no profits forecast and profit guarantee issued by the Company for the quarter under review.

**B5. Taxation**

	Current Quarter RM '000	Cumulative Quarters RM '000
Current Year	52	158
Prior Year	60	60
Deferred Taxation	100	450
Tax expense *	<u>212</u>	<u>668</u>
* Effective tax rate	32.2%	25.3%

The effective tax rate for nine months ended 31 July 2011 were approximates the statutory tax rate of 25%.

**B6. Sales of unquoted investments and/or properties**

There were no sales of unquoted investments and/or properties for the current quarter and financial year to date except following:-

The Group has disposed an investment property for RM1.700 million during the quarter under review.

**B7. Purchase or disposal of quoted securities**

As at 31 July 2011, the investments in quoted securities are as follow:-

Cost	Carrying Value	Market Value
<i>RM '000</i>	<i>RM '000</i>	<i>RM '000</i>
889	768	768

During the period under review, quoted securities purchased and held for trading was amounted to RM148,636 only.

**B8. Status of corporate proposals**

There was no corporate proposal announced but not completed as at 31 July 2011.

**B9. Group borrowings and debt securities**

The group's borrowings as at 31 July 2011 as follows:-

<i>RM '000</i>	Secured	Unsecured	Total
Short term	568	-	568
Long term	5,213	-	5,213
Total	5,781	-	5,781

All borrowings are denominated in local currency.

There was no debt securities issued as at 31 July 2011.

**B10. Derivative financial instruments**

With the early adoption of FRS 139, financial derivatives are recognized on their respective contract dates.

As at the date of statement of financial position, the Group has no outstanding derivative financial instruments.

**B11. Gains and losses arising from fair value changes of financial liabilities**

There were no gains or losses recognized for changes in the fair values of financial liabilities measured at fair value through profit or loss for current quarter.

**B12. Changes in material litigation**

There was no material litigation pending as at the date of this report.

**B13. Dividends**

There were no dividends proposed during the quarter under review.

**B14. Earnings per share**

a. Basic

The calculation of the basic earnings per share is based on the Group's net profit attributable to the equity holders divided by the weighted average number of ordinary shares of RM1.00 each in issue during the year excluding the weighted average treasury shares held by the Company.

	Current Quarter	Cumulative Quarters
Net profit / (loss) attributable to equity holders of the Company (RM '000)	404	1,961
Weighted average number of ordinary shares ( '000)	37,433	37,576
Basic earnings per share (sen)	1.08	5.22

b. Diluted

Not applicable

**B15. Audit report qualification and status of matters raised**

The audit report of the Group's annual financial statements for the financial year ended 31 October 2010 did not contain any qualification.

**B16. DISCLOSURES OF REALISED AND UNREALISED PROFITS/LOSSES**

The breakdown of retained earnings as at the reporting date, which has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants, are as follows:-

	As at	31-Jul-11 RM '000
Realised Gain		12,552
Unrealised Gain / (Loss)		<u>(24)</u>
<b>Total Retained Earnings</b>		<u>12,528</u>

BY ORDER OF THE BOARD

Ng Bee Lian  
Company Secretary

Kuala Lumpur