

NOTES TO THE INTERIM FINANCIAL REPORT

SECTION A DISCLOSURE NOTES AS REQUIRED UNDER FRS 134

1. BASIS OF PREPARATION

The Interim Financial Report is unaudited and has been prepared in accordance with the requirement of Financial Reporting Standard 134 “Interim Financial Reporting” and in compliance with Chapter 9 (Part K) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial report should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 December 2010.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation for this financial report remain unchanged and are consistent with those adopted by the latest Annual Audited Financial Statements as at 31 December 2010, except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) :

Effective for financial period beginning on or after 1 July 2010

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distribution of Non-Cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to IC Interpretation 15	Agreements for the Construction of Real Estate

Effective for financial period beginning on or after 1 January 2011

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions of First-time Adopters
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Business Combinations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statement
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 128	Investment in Associates
Amendments to FRS 131	Interests in Joint Ventures

2. CHANGES IN ACCOUNTING POLICIES (continued)

Effective for financial period beginning on or after 1 January 2011 (continued)

Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 13	Customer Loyalty Programmes
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement

Adoption of the above FRSs, Amendments to FRSs and IC Interpretation does not have significant financial impact on the Group.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2010 was not qualified.

4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The ceramic business is cyclical in nature as it is affected by the seasonal pattern of the export countries. The current quarter is a low demand period.

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the current quarter and financial period-to-date.

6. CHANGE IN ESTIMATES OF AMOUNTS REPORTED IN PRIOR INTERIM PERIODS OF THE CURRENT FINANCIAL PERIOD OR IN PRIOR FINANCIAL YEARS

There were no changes in estimates that have had a material effect in the current quarter and financial period-to-date results.

7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchase, resale and repayment of debt and equity securities in the current quarter.

8. DIVIDENDS

No dividend was paid for the financial period ended 30 September 2011.

9. SEGMENTAL INFORMATION

The Group segmental report for the current financial period is as follow:

	<u>Oil & Gas Industries</u> RM'000	<u>Ceramic</u> RM'000	<u>Group</u> RM'000
Revenue	<u>2,993</u>	<u>10,429</u>	<u>13,422</u>
Result			
Segment results	232	(1,588)	(1,356)
Interest Income	-	6	6
Finance Cost	<u>-</u>	<u>(95)</u>	<u>(95)</u>
Loss before tax			(1,445)
Taxation			<u>52</u>
Net loss for the period			<u>(1,393)</u>

The Group segmental report for the financial period ended 30 September 2010 is as follow:

	<u>General Trading & Services</u> RM'000	<u>Ceramic</u> RM'000	<u>Group</u> RM'000
Revenue	<u>4,320</u>	<u>9,925</u>	<u>14,245</u>
Result			
Segment results	271	(395)	(124)
Interest Income	-	-	-
Finance Cost	<u>-</u>	<u>(116)</u>	<u>(116)</u>
Loss before tax			(240)
Taxation			<u>50</u>
Net loss for the period			<u>(190)</u>

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no changes in the valuation of property, plant and equipment since the latest audited financial statements for the year ended 31 December 2010.

11. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter.

12. CHANGES IN COMPOSITION OF THE GROUP

On 13 May 2011, the Group has incorporated a new 65% owned subsidiary under the name of PFCE Offshore Worldwide Sdn Bhd. On 23 September 2011, another wholly owned subsidiary APPI Sdn Bhd was incorporated.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets, since the last financial year ended 31 December 2010.

NOTES TO THE INTERIM FINANCIAL REPORT

SECTION B DISCLOSURE NOTES AS REQUIRED UNDER LISTING REQUIREMENTS OF BURSA MALAYSIA

14. PERFORMANCE REVIEW

The Group achieved higher revenue for current quarter of RM4.84 million, as compared with RM1.95 million in the same quarter of the last financial year, mainly contributed by Oil & Gas segment.

15. COMMENTARY ON MATERIAL CHANGE IN PROFIT/(LOSS) BEFORE TAXATION

The Group incurred a loss before taxation for current quarter of RM775,000, as compared with loss before taxation of RM601,000 recorded in the immediate preceding quarter. The loss increased was due to lower gross profit margins in current quarter.

16. COMMENTARY ON PROSPECTS

The outlook for the Company remains positive, with the addition of the oil and gas segment, and the ongoing development of the ceramic business.

17. PROFIT FORECAST OR PROFIT GUARANTEE

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

18. TAXATION

	Current Quarter Ended 30.09.2011 RM'000	9 Months Ended 30.09.2011 RM'000
Deferred tax	18	53
Current tax	(1)	(1)
Tax Credit	<u>17</u>	<u>52</u>

The tax credit for the current quarter and the financial period-to-date is arrived at after the reversal of temporary differences.

19. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no disposals of unquoted investments and/or properties for the current quarter. For the financial period-to-date, except for the disposal of a piece of freehold land and factory building located at Sungai Siput, Perak, there was no other disposal.

20. QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the current quarter and financial period-to-date.

21. CORPORATE PROPOSALS

Maybank Investment Bank Berhad had on 13 May 2011 announced on behalf of the Board of PFCE that the Company is proposing to undertake a proposed private placement. As at reporting date, the private placement is yet to be completed.

22. BORROWINGS AND DEBT SECURITIES

	As At 30.09.2011
	RM'000
Borrowings in Ringgit :-	
Secured Short-term Borrowings	1,332
Secured Long-term Borrowings	392

The above borrowings are denominated in Ringgit Malaysia

23. DERIVATIVE FINANCIAL INSTRUMENTS

The details of the forward foreign exchange contract as at 30 September 2011 are as below:

	Notional Amount RM'000	Fair Value RM'000	Gain / (loss) RM'000
Less than 1 year	2,583	2,731	(148)

The above forward foreign exchange contract were executed only with credit-worthy financial institutions in Malaysia. The forward foreign exchange contracts were entered into by the group to minimise its exposure to foreign currency risk.

24. CHANGES IN MATERIAL LITIGATION

The Directors were not aware of any material litigation, which, if enforced, may have a material impact on the profit or net asset value of the Group.

25. DIVIDEND PAYABLE

There were no dividends declared by the Company for the current quarter and financial period-to-date.

26. EARNINGS PER SHARE

The basic earnings per ordinary share of the Group were calculated by dividing the net profit attributed to owners of the parent by the weighted number of ordinary shares outstanding during the financial period.

	Current Quarter Ended 30.09.2011	9 months Ended 30.09.2011
Loss attributable to owners of the parent (RM'000)	(839)	(1,474)
Weighted average number of ordinary shares in issue ('000)	88,000	88,000
Basic earning per share (sen)	(0.95)	(1.68)

27. REALISED AND UNREALISED PROFIT OR LOSSES

The breakdown of the accumulated losses of the Group as at the end of reporting period into realised and unrealised profit/(loss) is presented in accordance with the directive of Bursa Malaysia Securities Bhd is as follows,

	As At 30.09.2011 RM'000	As At 31.12.2010 RM'000
Total retained profit of the Company and its Subsidiaries		
- Realised	6,642	8,265
- Unrealised	281	132
	<u>6,923</u>	<u>8,397</u>
Less : Consolidation adjustments	(24,596)	(24,596)
Accumulated losses as per financial statements	<u>(17,673)</u>	<u>(16,199)</u>

28. AUTHORISATION FOR ISSUE

The interim financial report for the period under review is authorised and approved for issue and announcement to Bursa Malaysia by PFCE's Board in accordance with a resolution of the directors on 17th Nov 2011.

By Order of the Board
Dated: 17th November 2011