

## 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, whereas the oil and gas business tends to be less seasonal.

## **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 year-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 year-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 year ended 31 December 2011.

## 9. SEGMENTAL INFORMATION

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

	<u>Oil &amp; Gas</u>	<u>Ceramic</u>	<u>Investment</u> <u>Holding</u>	<u>Group</u>
	RM'000	RM'000	RM'000	RM'000
<b>External Revenue</b>	<u>9,215</u>	<u>14,153</u>	<u>-</u>	<u>23,368</u>
<b>Result</b>				
Segment results	601	(2,436)	(564)	(2,399)
Interest Income	-	8	-	8
Finance Cost	<u>-</u>	<u>(118)</u>	<u>-</u>	<u>(118)</u>
Profit/(loss) before tax	601	(2,546)	(564)	(2,509)
Taxation	<u>(151)</u>	<u>624</u>	<u>-</u>	<u>473</u>
Net Profit/(loss) for the period	<u>450</u>	<u>(1,922)</u>	<u>(564)</u>	<u>(2,036)</u>

The Group segmental report for the financial year ended 31 December 2010 is as follow:

	<u>General</u> <u>Trading &amp;</u> <u>Services</u>	<u>Ceramic</u>	<u>Investment</u> <u>Holding</u>	<u>Group</u>
	RM'000	RM'000	RM'000	RM'000
<b>External Revenue</b>	<u>4,320</u>	<u>15,330</u>	<u>-</u>	<u>19,650</u>
<b>Result</b>				
Segment results	271	88	(112)	247
Interest Income	-	-	-	-
Finance Cost	<u>-</u>	<u>(156)</u>	<u>-</u>	<u>(156)</u>
Profit/(loss) before tax	271	(68)	(112)	91
Taxation	<u>(68)</u>	<u>(287)</u>	<u>(7)</u>	<u>(362)</u>
Net Profit/(loss) for the period	<u>203</u>	<u>(355)</u>	<u>(119)</u>	<u>(271)</u>

## 10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

Properties revaluation was done in current quarter and all revaluation surplus has been book in to the current quarter's management accounts. The property revaluation was done by independent valuer.

## 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

	3 months ended		12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Segment:-				
Oil & Gas	6,222	-	9,215	-
Ceramic	3,724	5,405	14,153	15,330
General Trading & Services	-	-	-	4,320
	<u>9,946</u>	<u>5,405</u>	<u>23,368</u>	<u>19,650</u>

The Group achieved higher revenue for the current quarter of RM9.95 million, as compared with RM5.41 million in the same quarter of the last financial year, which was mainly contributed by the oil & gas segment.

Whereas for the ceramic segment, lower sales were made for the current quarter as compared with previous year's corresponding quarter due to lower export demand from overseas market.

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

	3 months ended	
	31.12.2011	30.09.2011
	RM'000	RM'000
<b>Profit/(loss) before taxation</b>		
Segment:-		
Oil & Gas	369	232
Ceramic	(1,231)	(975)
Investment Holding	(202)	(32)
	<u>(1,064)</u>	<u>(775)</u>

The Group incurred a loss before taxation of RM1.06 million for current quarter, as compared with loss before taxation of RM775,000 recorded in the immediate preceding quarter. The higher loss was due to inventories write-down on slow moving stock in the current quarter.

#### 16. COMMENTARY ON PROSPECTS

As PFCE business activities now includes the oil and gas sector, the outlook for the Group remains positive, notwithstanding the performance of its ceramic business.

## 17. PROFIT FORECAST OR PROFIT GUARANTEE

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

## 18. TAXATION

	<b>Current Quarter Ended 31.12.2011 RM'000</b>	<b>12 Months Ended 31.12.2011 RM'000</b>
Deferred tax	547	600
Current tax	(126)	(127)
Tax Credit	<u>421</u>	<u>473</u>

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

## 19. CORPORATE PROPOSALS

Maybank Investment Bank Berhad announced on 13 May 2011, on behalf of the Board of PFCE that, the Company is proposing to undertake a private placement. On 1 December 2011, Bursa Malaysia has granted the Company an extension period of six months (until 6 June 2012) to complete the implementation of the private placement.

## 20. BORROWINGS AND DEBT SECURITIES

	<b>As At 31.12.2011 RM'000</b>
<b>Borrowings in Ringgit :-</b>	
Secured Short-term Borrowings	<u>1,071</u>
Secured Long-term Borrowings	<u>420</u>

The above borrowings are denominated in Ringgit Malaysia.

## 21. 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.

## 22. DIVIDEND PAYABLE

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

## 23. 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 year.

	<b>Current Quarter Ended 31.12.2011</b>	<b>12 months Ended 31.12.2011</b>
Loss attributable to owners of the parent (RM'000)	(719)	(2,193)
Weighted average number of ordinary shares in issue ('000)	88,000	88,000
Basic earning per share (in sen)	(0.82)	(2.49)

## 24. PROFIT BEFORE TAX

	<b>Current Quarter Ended 31.12.2011 RM'000</b>	<b>12 months Ended 31.12.2011 RM'000</b>
<b>Profit/(loss) before tax is arrived at after charging/(crediting):-</b>		
Interest income	(2)	(8)
Other income including investment income	(28)	(69)
Interest expense	23	118
Depreciation and amortization	645	1,510
Write off of receivables	2	5
Inventories written-down	801	801
loss on disposal of quoted or unquoted investments or properties	-	75
Impairment of assets	24	24
Unrealised loss/(gain) on foreign exchange	32	(167)
Realised loss on foreign exchange	75	120
(Gain)/loss on derivative	(127)	21

Other than the above items, there were no exceptional items for the current quarter and financial period ended 31 December 2011.

## 25. 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,

	<b>As At 31.12.2011 RM'000</b>	<b>As At 31.12.2010 RM'000</b>
Total retained profit of the Company and its Subsidiaries		
- Realised	5,417	8,265
- Unrealised	571	132
	<u>5,988</u>	<u>8,397</u>
Less : Consolidation adjustments	(24,380)	(24,596)
Accumulated losses as per financial statements	<u>(18,392)</u>	<u>(16,199)</u>

## 26. 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 28<sup>th</sup> February 2012.

By Order of the Board  
Dated: 28<sup>th</sup> February 2012