

CORPORATE GOVERNANCE STATEMENT

Addendum

- Variances between audited and unaudited financial statements for the financial year ended 31 March 2007

Variance Between Audited Results and Unaudited Results

In compliance with Paragraph 9.19 (34) of the LR, the Company wishes to inform that there are deviations between the profit after tax ("PAT") stated in the unaudited fourth quarter results announced on 31st May 2007 and the audited financial statements for the financial year ended 31st March 2007 as set out below :-

	Audited Results (Group) RM'000	Unaudited Results (Group) RM'000	Variance (Group) RM'000
Profit /(Loss) before taxation	(759)	928	(1,687)
Taxation	(500)	(36)	(464)
Profit /(Loss) after taxation	(1,259)	892	(2,151)

The explanations of the deviations are set out below:

	RM'000
Profit after taxation	892
Exchange gain	85
Additional provision for doubtful accounts	(1,759)
Deferred tax asset written off	(462)
Other operation expenses	(15)
Profit/(Loss) before taxation	(1,259)
Profit/(Loss) after taxation as per Audited Financial Statements	(1,259)

In the fourth quarter unaudited results, the Company did not provide for the balance of additional doubtful debts of certain debtors as the Company was of the view that the said debts were collectible as the debtors were still in negotiation with the officers of the Company.

Subsequent to the announcement and based on the advice of the external auditors, the Company feels that it is more prudent to provide for additional allowances for such debts.

Further it was also advised by the external auditors, that the deferred tax assets accruing to KFM Marketing Sdn Bhd (95% owned subsidiary) to be written off as the subsidiary's operation has been transferred to the Company.

This announcement is dated 31st July 2007 .