

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31ST MARCH 2012**

|  | INDIVIDUAL PERIOD    |                                      | CUMULATIVE PERIOD    |   |
|--|----------------------|--------------------------------------|----------------------|---|
|  | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD TO DATE |
|  | 31/03/12             | 31/03/11                             | 31/03/12             | 31/03/11                                    |
|  | RM'000               | RM'000                               | RM'000               | RM'000                                      |
| Revenue  | 339,920              | 278,412                              | 339,920              | 278,412                                     |
| Operating expenses   | (342,565)            | (268,801)                            | (342,565)            | (268,801)                                   |
| Other income   | 1,295                | 817                                  | 1,295                | 817   |
| Interest income  | 32                   | 29                                   | 32                   | 29  |
| Finance cost   | (3,552)              | (3,680)                              | (3,552)              | (3,680)                                     |
| Share of results of associated company                               | (11)                 | (3)                                  | (11)                 | (3)   |
| Profit/(Loss) before tax   | (4,881)              | 6,774                                | (4,881)              | 6,774                                       |
| Taxation   | -                    | (583)                                | -                    | (583)                                       |
| Profit/(Loss) for the period   | (4,881)              | 6,191                                | (4,881)              | 6,191                                       |
| Other Comprehensive Income   | -                    | -                                    | -                    | -   |
| Total Comprehensive Income/(Loss)                                    | (4,881)              | 6,191                                | (4,881)              | 6,191                                       |
| Profit/(Loss) and Total Comprehensive Income/(Loss) attributable to: |                      |                                      |                      |   |
| Equity holders of the Company  | (4,881)              | 6,191                                | (4,881)              | 6,191                                       |
| Profit/(Loss) for the period   | (4,881)              | 6,191                                | (4,881)              | 6,191                                       |
| Earnings/(Loss) per share (sen)                                      |                      |                                      |                      |   |
| - Basic  | (2.32)               | 2.94                                 | (2.32)               | 2.94  |
| - Diluted  | (1.91)               | 2.41                                 | (1.91)               | 2.41  |

The Unaudited Condensed Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statement for the year ended 31st December 2011 and accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31ST MARCH 2012**

|  | <b>31/03/12</b><br><b>RM'000</b> | <b>31/12/11</b><br><b>RM'000</b><br><b>(restated)</b> | <b>01/01/11</b><br><b>RM'000</b><br><b>(restated)</b> |
|--|----------------------------------|---|---|
| <b>ASSETS</b>                                |                                  |   |   |
| <u>Non-Current Assets</u>                    |                                  |   |   |
| Property, Plant & Equipment                  | 464,975                          | 470,273   | 436,195   |
| Investment in Associate company              | 8,047                            | 8,058   | 8,066   |
| Other investment                             | -                                | -   | 4,000   |
|  | <u>473,022</u>                   | <u>478,331</u>  | <u>448,261</u>  |
| <u>Current Assets</u>                        |                                  |   |   |
| Stocks                                       | 173,540                          | 160,769   | 147,838   |
| Debtors                                      | 217,485                          | 203,027   | 179,799   |
| Taxation recoverables                        | 3,656                            | 2,884   | 1,864   |
| Short term deposit                           | 17,000                           | 16,000  | 4,243   |
| Cash & bank balances                         | 26,993                           | 27,689  | 44,166  |
|  | <u>438,674</u>                   | <u>410,369</u>  | <u>377,910</u>  |
| <b>TOTAL ASSETS</b>                          | <u><u>911,696</u></u>            | <u><u>888,700</u></u>                                 | <u><u>826,171</u></u>                                 |
| <b>EQUITY AND LIABILITIES</b>                |                                  |   |   |
| <u>Equity attributable to equity holders</u> |                                  |   |   |
| Share capital                                | 105,393                          | 105,393   | 105,393   |
| Share premium                                | 31,198                           | 31,198  | 31,198  |
| Treasury shares                              | (233)                            | (233)   | (30)  |
| Warrants reserves                            | 40,044                           | 40,044  | 40,044  |
| Retained profits                             | 318,576                          | 323,457   | 301,949   |
| Total Equity                                 | <u>494,978</u>                   | <u>499,859</u>  | <u>478,554</u>  |
| <u>Non-Current Liabilities</u>               |                                  |   |   |
| Long term borrowings                         | 48,431                           | 54,312  | 86,488  |
|  | <u>48,431</u>                    | <u>54,312</u>   | <u>86,488</u>   |
| <u>Current Liabilities</u>                   |                                  |   |   |
| Creditors                                    | 122,330                          | 98,087  | 89,360  |
| Taxation liabilities                         | -                                | -   | 247   |
| Short term borrowings                        | 245,957                          | 236,442   | 171,522   |
|  | <u>368,287</u>                   | <u>334,529</u>  | <u>261,129</u>  |
| Total liabilities                            | <u>416,718</u>                   | <u>388,841</u>  | <u>347,617</u>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>          | <u><u>911,696</u></u>            | <u><u>888,700</u></u>                                 | <u><u>826,171</u></u>                                 |
| Net Assets per share (RM)                    | 2.35                             | 2.37  | 2.27  |

The Unaudited Condensed Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2011 and accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL PERIOD ENDED 31ST MARCH 2012**

|   | <b>Current year<br/>01/01/12<br/>to 31/03/12<br/>RM'000</b> | <b>Preceding Year<br/>01/01/11<br/>to 31/03/11<br/>RM'000</b> |
|---|---|---|
| (Loss)/Profit before tax  | (4,881)   | 6,774   |
| Adjustment for:   |   |   |
| Depreciation of property, plant and equipment                         | 5,703   | 5,017   |
| Interest expense  | 3,457   | 3,680   |
| Others  | (2,115)   | 3   |
| Operating profit before changes in working capital                    | 2,164   | 15,474  |
| Changes in working capital  |   |   |
| Net change in inventories   | (12,771)  | (21,635)  |
| Net change in receivables   | (12,332)  | 9,285   |
| Net change in payables  | 24,243  | (17,658)  |
| Cash (used)/generated from operations                                 | 1,304   | (14,534)  |
| Interest paid   | (3,297)   | (3,477)   |
| Income tax paid   | (772)   | (406)   |
| Net cash outflow in operating activities                              | (2,765)   | (18,417)  |
| Investing activities  |   |   |
| Purchase of property, plant and equipment                             | (405)   | (6,095)   |
| Net cash outflow in investing activities                              | (405)   | (6,095)   |
| Financing activities  |   |   |
| Bank borrowings   | 7,038   | 27,064  |
| Share buyback   | -   | (94)  |
| Finance lease interest paid   | (160)   | (203)   |
| Net cash inflow from financing activities                             | 6,878   | 26,767  |
| Net increase in cash and cash equivalents                             | 3,708   | 2,255   |
| Cash and cash equivalents at beginning of the year                    | 31,566  | 36,031  |
| Cash and cash equivalents at end of the financial period              | 35,274  | 38,286  |
| 1 Cash and cash equivalents at end of the financial period comprise : |   |   |
| Short term deposit  | 17,000  | 4,547   |
| Cash and bank balances  | 26,993  | 47,373  |
| Bank overdraft  | (8,719)   | (13,634)  |
|   | 35,274  | 38,286  |

The Unaudited Condensed Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2011 and accompanying explanatory notes attached to the interim financial statements.

**THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31ST MARCH 2012**

|   | Attributable to equity holders of the Company |                            |                               |                                   |                               |                              | Total<br>RM'000 |
|---|---|----------------------------|-------------------------------|-----------------------------------|-------------------------------|------------------------------|-----------------|
|   | Non-distributable                             |                            |                               | Distributable                     |                               |                              |                 |
|   | Share<br>Capital<br>RM'000                    | Share<br>Premium<br>RM'000 | Warrant<br>Reserves<br>RM'000 | Revaluation<br>Reserves<br>RM'000 | Retained<br>Profits<br>RM'000 | Treasury<br>Shares<br>RM'000 |                 |
| <b>3 months ended 31st March 2012</b>     |   |                            |                               |                                   |                               |                              |                 |
| At 1st January 2012, as previously stated | 105,393                                       | 31,198                     | 40,044                        | 31,030                            | 292,427                       | (233)                        | 499,859         |
| Effect of transition to MFRS              | -   | -                          | -                             | (31,030)                          | 31,030                        | -                            | -               |
| At 1st January 2012, restate              | 105,393                                       | 31,198                     | 40,044                        | -                                 | 323,457                       | (233)                        | 499,859         |
| Total comprehensive income                | -   | -                          | -                             | -                                 | (4,881)                       | -                            | (4,881)         |
| At 31st March 2012                        | <u>105,393</u>                                | <u>31,198</u>              | <u>40,044</u>                 | <u>-</u>                          | <u>318,576</u>                | <u>(233)</u>                 | <u>494,978</u>  |
| <b>3 months ended 31st March 2011</b>     |   |                            |                               |                                   |                               |                              |                 |
| At 1st January 2011, as previously stated | 105,393                                       | 31,198                     | 40,044                        | 31,030                            | 270,919                       | (30)                         | 478,554         |
| Effect of transition to MFRS              | -   | -                          | -                             | (31,030)                          | 31,030                        | -                            | -               |
| At 1st January 2012, restate              | 105,393                                       | 31,198                     | 40,044                        | -                                 | 301,949                       | (30)                         | 478,554         |
| Total comprehensive income                | -   | -                          | -                             | -                                 | 6,191                         | -                            | 6,191           |
| Treasury shares                           | -   | -                          | -                             | -                                 | -                             | (94)                         | (94)            |
| At 31st March 2011                        | <u>105,393</u>                                | <u>31,198</u>              | <u>40,044</u>                 | <u>-</u>                          | <u>308,140</u>                | <u>(124)</u>                 | <u>484,651</u>  |

The Unaudited Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2011 and accompanying explanatory notes attached to the interim financial statements.

**MALAYSIA STEEL WORKS (KL) BHD**  
**(Company No. 7878-V)**

**EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING FOR THE QUARTER ENDED 31<sup>ST</sup> MARCH 2012**

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance MFRS 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 134: Interim Financial Reporting issued by International Accounting Standard Board (“IASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> December 2011, which were prepared under Financial Reporting Standards (“FRSs”). These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31<sup>st</sup> December 2011.

With effect from 1<sup>st</sup> January 2012, the Group has adopted the MFRS framework issued by MASB. The MFRS framework introduced by the MASB has fully converged Malaysia’s existing FRS framework with the International Financial Reporting Standards (“IFRS”) framework issued by the IASB. The FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, except there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs. The financial effects of the convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence are discussed in Note A2.

**A2. Accounting Policies and Methods of Computation**

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the audited financial statements for the year ended 31<sup>st</sup> December 2011, except as described below:

***Property, plant and equipment***

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS (Revised) Property, Plant and Equipment which was effective for the periods ending on or after 1<sup>st</sup> September 1998. By virtue of this transitional provision, the Group has recorded the freehold and leasehold land at revalued amounts and had not adopted a policy of revaluation and continued to carry on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserves of RM31,030,160 at 1<sup>st</sup> January 2011, 31<sup>st</sup> March 2011 and 31<sup>st</sup> December 2011 was reclassified to retained profits.

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

Reconciliation of equity as at 1<sup>st</sup> January 2011

|                      | FRS as at<br>01/01/11<br>RM'000 | Reclassification<br>RM'000 | MFRS as at<br>01/01/11<br>RM'000 |
|----------------------|---------------------------------|----------------------------|----------------------------------|
| Revaluation reserves | 31,030                          | (31,030)                   | -                                |
| Retained profits     | 270,919                         | 31,030                     | 301,949                          |

Reconciliation of equity as at 31<sup>st</sup> March 2011

|                      | FRS as at<br>31/03/11<br>RM'000 | Reclassification<br>RM'000 | MFRS as at<br>31/03/11<br>RM'000 |
|----------------------|---------------------------------|----------------------------|----------------------------------|
| Revaluation reserves | 31,030                          | (31,030)                   | -                                |
| Retained profits     | 277,110                         | 31,030                     | 308,140                          |

Reconciliation of equity as at 31<sup>st</sup> December 2011

|                      | FRS as at<br>31/12/11<br>RM'000 | Reclassification<br>RM'000 | MFRS as at<br>31/12/11<br>RM'000 |
|----------------------|---------------------------------|----------------------------|----------------------------------|
| Revaluation reserves | 31,030                          | (31,030)                   | -                                |
| Retained profits     | 292,427                         | 31,030                     | 323,457                          |

***MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective***

The following MFRSs, Amendments to MFRSs and IC Interpretations have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group:

| <b>MFRSs, Amendments to MFRSs and IC Interpretation</b>                                  | <b>Effective for annual periods<br/>beginning on or after</b> |
|--|---|
| MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)   | 1 January 2015  |
| MFRS 10 Consolidated Financial Statements  | 1 January 2013  |
| MFRS 11 Joint Arrangements   | 1 January 2013  |
| MFRS 12 Disclosure of Interests in Other Entities  | 1 January 2013  |
| MFRS 13 Fair Value Measurement   | 1 January 2013  |
| MFRS 119 Employee Benefits   | 1 January 2013  |
| MFRS 127 Separate Financial Statements   | 1 January 2013  |
| MFRS 128 Investments in Associates and Joint Ventures                                    | 1 January 2013  |
| Amendments to MFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities | 1 January 2015  |

|                        |   |                |
|------------------------|---|----------------|
| Amendments to MFRS 101 | Presentation of Items of Other Comprehensive Income       | 1 July 2012    |
| Amendments to MFRS 132 | Offsetting Financial Assets and Financial Liabilities     | 1 January 2014 |
| IC Interpretation 20   | Stripping Costs in the Production Phase of a Surface Mine | 1 January 2013 |

**A3. Qualification of Financial Statements**

The financial statements for the financial year ended 31<sup>st</sup> December 2011 was not qualified.

**A4. Seasonal or Cyclical factors**

The operations of the Company are subject to both cyclical factors in the construction industry as well as festive seasons.

**A5. Extraordinary items**

There are no extraordinary items for the financial period under review.

**A6. Changes in Estimates**

There have been no changes in the estimates of amount for the period under review.

**A7. Debts and Equity Securities**

There were no issuances, cancellation, repurchases, resale and repayment of debts and equity securities for the current quarter under review.

As at 31<sup>st</sup> March 2012, a total of 202,000 shares were held as treasury shares out of its total issued share capital of 210,786,666 shares at an average price of RM1.16 per share. The share buyback transactions were financed by internally generated funds.

**A8. Dividend**

No dividend was paid by the Company in the current quarter under review and financial year to date.

**A9. Segmental reporting**

The Group is primarily organised in one business segment namely manufacturing of steel bars and billets. The business segment analysed by geographical location of customers are as follows:

|                    | <b>Current<br/>Quarter ended<br/>RM'000</b> | <b>Current Year<br/>to-date ended<br/>RM'000</b> |
|--------------------|---|--|
| <b>Revenue</b>     |   |  |
| - Malaysia         | 241,618                                     | 241,618  |
| - Outside Malaysia | 98,302                                      | 98,302   |
|                    | 339,920                                     | 339,920  |
|                    | 339,920                                     | 339,920  |

**A10. Valuation**

The valuations of the property, plant and equipment has been brought forward, without amendment, from the previous audited financial statements for the year ended 31<sup>st</sup> December 2011.

**A11. Material subsequent events**

There are no material subsequent events between the end of the current quarter under review and the date of this report.

**A12. Changes in the composition of the Group**

There was no change in the composition of the Group during the current quarter under review.

**A13. Changes in contingent liabilities**

The following are pending litigation in respect of claims instituted against the Company:-

- (i) Claims of RM7.56 million for goods sold and delivered together with interest. The solicitors of the Company are of the opinion that such a claim would fail in court since there appears to be no agreements whatsoever, nor any prior demand or claim made by supplier regarding the interests and that so long as the supplier has accepted periodical payments by the Company unequivocally, they cannot now insist that interest are due to them. The supplier had filed their Statement of Claim to which the Company had filed a Statement of Defence and Counterclaim. The supplier had filed their Defence to the Counterclaim on 1<sup>st</sup> September 2006 and their Summary Judgment Application on 19<sup>th</sup> June 2007. The said application was fixed for mention on 26<sup>th</sup> August 2008 and on this date this matter had been further adjourned to 23<sup>rd</sup> September 2008 for hearing. This matter was fixed for mention before the Deputy Registrar on 21<sup>st</sup> January 2009 and on this date this matter had been further adjourned to 22<sup>nd</sup> April 2009 for hearing. On 22<sup>nd</sup> April 2009, the court had directed the parties to file their respective submissions in court and fixed this matter for Decision on 13<sup>th</sup> August 2009.

On 13<sup>th</sup> August 2009, the High Court had dismissed Plaintiff's Summary Judgment application with costs. This matter was proceeded with Trial on 20<sup>th</sup> and 21<sup>st</sup> October 2010. On 26<sup>th</sup> November 2010, the High Court gave judgment in favour of the Plaintiff for the amount of RM4,341,746.71 and on 18<sup>th</sup> February 2010, the Company filed and served the Record of Appeal at the Court of Appeal. The said appeal came up for Hearing on 28<sup>th</sup> March 2012 and the said appeal was allowed in part. The Judgement sum was reduced to approximately RM2,705,589 and this amount has been accrued in the financial statements.

**A14. Capital commitments**

|                                      | <b>31/03/12</b> |
|--------------------------------------|-----------------|
|                                      | <b>RM'000</b>   |
| <b>Property, plant and equipment</b> |                 |
| - Approved and contracted for        | 1,684           |
| - Approved but not contracted for    | 87,885          |
|                                      | <hr/>           |
|                                      | 89,569          |
|                                      | <hr/> <hr/>     |



**PART B:- ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of performance**

The Group reported a loss before tax of RM4.88 million on the revenue of RM339.92 million for the current quarter compared to a profit before tax of RM6.77 million on the revenue of RM278.41 million for the previous year corresponding quarter. The increase in revenue is mainly attributed to higher sales volume. The Company recorded a loss mainly due to lower selling price in the current quarter.

**B2. Comparisons with immediate preceding quarter's results**

The Group's revenue for the current quarter recorded a marginal increase of RM3.26 million to RM339.92 million in the current quarter due to increase in sales volume. The Group recorded a lower loss before tax of RM4.88 million as compared to a loss before tax of RM14.54 million in the immediate preceding quarter mainly due to better margin in the current quarter.

**B3. Prospects**

With the coming on stream of the technology packages that were initiated 2 years ago, the Company expects to broaden its profit margins in the ensuing quarters due to the improved efficiency of the operation of its plant and machinery.

Despite the challenges of the volatility and uncertainty attributed to external global factors, the Company expects to perform well against the leaner terms of trade. In addition MASTEEL's ideal location enables it to continue to capitalize on the ongoing robust construction activities within the Klang Valley.

For its export sales, the Company has relentlessly strived to grow its foot print in foreign markets, its efforts has been rewarded by the encouraging receipt of export sale orders from the Company's well established multinational network.

**B4. Profit forecast**

The disclosure requirements for explanatory notes are not applicable as no profit forecast was published.

**B5. Loss before taxation**

|  | <b>Current Quarter<br/>Ended<br/>RM'000</b> | <b>Current Year<br/>To-date Ended<br/>RM'000</b> |
|--|---|--|
| Loss before taxation is arrived at after charging/(crediting): |   |  |
| Unrealised foreign exchange gain                               | (1,835)                                     | (1,835)  |
| Realised foreign exchange loss                                 | 539   | 539  |
| Interest income  | 32  | 32   |
| Depreciation of property, plant and equipment                  | 5,703                                       | 5,703  |
| Interest expense   | 3,552                                       | 3,552  |
| Reversal of doubtful debts                                     | (290)                                       | (290)  |

**B6. Taxation**

i) Taxation comprises:

|                             | <b>Current Quarter<br/>Ended<br/>RM'000</b> | <b>Current Year<br/>To-date Ended<br/>RM'000</b> |
|-----------------------------|---|--|
| <u>Malaysian income tax</u> |   |  |
| Current year's provision    | -   | -  |

ii) Reconciliation of income tax expenses

|                                      | <b>Current Quarter<br/>Ended<br/>RM'000</b> | <b>Current Year<br/>To-date Ended<br/>RM'000</b> |
|--------------------------------------|---|--|
| Loss before taxation                 | (4,881)                                     | (4,881)  |
| Taxation at tax rate of 25%          | (1,220)                                     | (1,220)  |
| Expenses not subject to tax          | (344)                                       | (344)  |
| Current year tax loss not recognised | 1,475                                       | 1,475  |
| Others                               | 89  | 89   |
|                                      | -   | -  |

**B7. (a) Status of corporate proposals**

i) *Head of Joint venture Agreement (“Proposed Joint-Venture”)*

On 19 January 2011, the Board announced that the Company has entered into Head of Joint Venture Agreement with KUB Malaysia Berhad (“KUB”), a company listed on the Main Market of Bursa Malaysia Securities Berhad wherein the Company and KUB have agreed to combine their capabilities and resources related to the objective stated herein and are desirous to co-operate and collaborate with each other in the joint-venture company, Metropolitan Commuter Network Sdn Bhd (“MCN”) to pursue the rail transit network project in the Iskandar Malaysia.

Presently, MCN is awaiting confirmation from the Economic Council (‘EC’) Secretariat for the date of the retabling of its revised proposal to EC.

**(b) Status of utilization of proceed raised**

Not applicable

**B8. Borrowings**

|                       | <b>31/03/12</b> |
|-----------------------|-----------------|
|                       | <b>RM'000</b>   |
| <u>Secured:</u>       |                 |
| Short term borrowings | 245,957         |
| Long term borrowings  | 48,431          |
| Total borrowings      | <u>294,388</u>  |

The above borrowings are denominated in the following currencies:

|                  | <b>USD'000</b> | <b>RM'000</b>  |
|------------------|----------------|----------------|
| Ringgit Malaysia | -              | 290,513        |
| US Dollar        | 1,250          | 3,875          |
|                  |                | <u>294,388</u> |

**B9. Material litigations**

The material litigations pending during the current period under review are as per disclosed in the followings:-

- (i) Claims of RM7.56 million for goods sold and delivered together with interest. The solicitors of the Company are of the opinion that such a claim would fail in court since there appears to be no agreements whatsoever, nor any prior demand or claim made by supplier regarding the interests and that so long as the supplier has accepted periodical payments by the Company unequivocally, they cannot now insist that interest are due to them. The supplier had filed their Statement of Claim to which the Company had filed a Statement of Defence and Counterclaim. The supplier had filed their Defence to the Counterclaim on 1<sup>st</sup> September 2006 and their Summary Judgment Application on 19<sup>th</sup> June 2007. The said application was fixed for mention on 26<sup>th</sup> August 2008 and on this date this matter had been further adjourned to 23<sup>rd</sup> September 2008 for hearing. This matter was fixed for mention before the Deputy Registrar on 21<sup>st</sup> January 2009 and on this date this matter had been further adjourned to 22<sup>nd</sup> April 2009 for hearing. On 22<sup>nd</sup> April 2009, the court had directed the parties to file their respective submissions in court and fixed this matter for Decision on 13<sup>th</sup> August 2009.

On 13<sup>th</sup> August 2009, the High Court had dismissed Plaintiff's Summary Judgment application with costs. This matter was proceeded with Trial on 20<sup>th</sup> and 21<sup>st</sup> October 2010. On 26<sup>th</sup> November 2010, the High Court gave judgment in favour of the Plaintiff for the amount of RM4,341,746.71 and on 18<sup>th</sup> February 2010, the Company filed and served the Record of Appeal at the Court of Appeal. The said appeal came up for Hearing on 28<sup>th</sup> March 2012 and the said appeal was allowed in part. The Judgement sum was reduced to approximately RM2,705,589 and this amount has been accrued in the financial statements.

## B10. Dividend

A first and final single tier dividend of 1.00 sen per share had been proposed in respect of the financial year ended 31<sup>st</sup> December 2011 and subject to approval by the shareholders at the forthcoming 40<sup>th</sup> Annual General Meeting of the Company to be held on 28<sup>th</sup> June 2012.

For the previous corresponding period in respect of the financial year ended 31<sup>st</sup> December 2010, a first and final single tier dividend of 1.35 sen per share was paid to shareholders on 26<sup>th</sup> July 2011.

## B11. Loss per share (“LPS”)

### (a) *Basic loss per share*

The basic loss per share of the Company is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

|   | <b>Current<br/>Quarter<br/>Ended</b> | <b>Current<br/>Year To-date<br/>Ended</b> |
|---|--------------------------------------|---|
| Loss attributable to ordinary shareholders<br>(RM'000)        | <u>(4,881)</u>                       | <u>(4,881)</u>                            |
| Weighted average number of ordinary shares<br>in issue ('000) | <u>210,585</u>                       | <u>210,585</u>                            |
| Basic Loss Per Share (sen)                                    | <u>(2.32)</u>                        | <u>(2.32)</u>                             |

### (b) *Diluted loss per share*

For the purpose of calculating diluted loss per share, the weighted average numbers of shares in issue have been adjusted for the dilutive effects of all potential conversion of any convertible securities issued during the period as set out below:

|   | <b>Current<br/>Quarter<br/>Ended</b> | <b>Current<br/>Year To-date<br/>Ended</b> |
|---|--------------------------------------|---|
| Loss attributable to ordinary shareholders<br>(RM'000)                              | <u>(4,881)</u>                       | <u>(4,881)</u>                            |
| Weighted average number of ordinary shares<br>in issue ('000)                       | <u>210,585</u>                       | <u>210,585</u>                            |
| Effects of dilution ('000)  | <u>44,535</u>                        | <u>44,535</u>                             |
| Adjusted weighted average number of<br>ordinary shares in issue and issuable ('000) | <u>255,120</u>                       | <u>255,120</u>                            |
| Diluted Loss Per Share (sen)  | <u>(1.91)</u>                        | <u>(1.91)</u>                             |

**B12. Realised and unrealised profits/(losses) disclosure**

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

|  | <b>As at<br/>31/03/12<br/>RM'000</b> | <b>As at<br/>31/12/11<br/>RM'000</b> |
|--|--------------------------------------|--------------------------------------|
| Total retained profits of the Company and its subsidiary : |                                      |                                      |
| - Realised   | 317,082                              | 322,970                              |
| - Unrealised   | 1,835                                | 817                                  |
|  | <u>318,917</u>                       | <u>323,787</u>                       |
| Total share of accumulated losses from Associate :         |                                      |                                      |
| - Realised   | (341)                                | (330)                                |
| Total Group retained profits as per consolidated accounts  | <u><u>318,576</u></u>                | <u><u>323,457</u></u>                |

**B13. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

By order of the Board