

# OSK Ventures International Berhad (636117-K)

## QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

### UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Note	As at 30.6.2011 RM'000	(Audited) As at 31.12.2010 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equipment		1,151	1,183
Intangible assets		575	560
Investment securities		145,221	139,426
		<b>146,947</b>	<b>141,169</b>
<b>Current assets</b>			
Investment securities		27,317	33,227
Derivative financial assets		10,121	10,797
Receivables, deposits and prepayments		3,224	660
Tax recoverable		42	2,190
Cash, bank balances and deposits		45,533	49,910
		<b>86,237</b>	<b>96,784</b>
<b>TOTAL ASSETS</b>		<b>233,184</b>	<b>237,953</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,073	1,242
<b>Current liabilities</b>			
Deferred income		22	48
Other payables and accruals		700	767
Tax payable		120	-
Borrowings	B10	29,000	29,000
		<b>29,842</b>	<b>29,815</b>
<b>TOTAL LIABILITIES</b>		<b>30,915</b>	<b>31,057</b>
<b>EQUITY</b>			
Share capital		97,872	97,872
Treasury shares, at cost	A5(b)	(1)	(1)
		<b>97,871</b>	<b>97,871</b>
Reserves		98,841	101,229
Equity attributable to owners of the Company		<b>196,712</b>	<b>199,100</b>
Non-controlling interest		5,557	7,796
<b>TOTAL EQUITY</b>		<b>202,269</b>	<b>206,896</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>233,184</b>	<b>237,953</b>
Net Assets per share (RM) attributable to owners of the Company		<b>1.00</b>	<b>1.02</b>

(The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011**  
**UNAUDITED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2011**

	Current quarter ended <b>30.6.2011</b> RM'000	Comparative quarter ended 30.6.2010 RM'000	Current year to date ended <b>30.6.2011</b> RM'000	Preceding year to date ended 30.6.2010 RM'000
<b>Revenue</b>	<b>4,271</b>	2,855	<b>7,506</b>	8,603
Other income	<b>20</b>	4	<b>350</b>	25
Net fair value gain/(loss) on financial instruments	<b>14,232</b>	(21,076)	<b>(4,910)</b>	(16,279)
Administrative expenses	<b>(1,990)</b>	(1,902)	<b>(3,626)</b>	(3,605)
Finance cost	<b>(334)</b>	(276)	<b>(633)</b>	(527)
<b>Profit/(loss) before tax</b>	<b>16,199</b>	(20,395)	<b>(1,313)</b>	(11,783)
Income tax benefit/(expense)	<b>431</b>	3,188	<b>(9)</b>	6,613
<b>Profit/(loss) after tax for the period</b>	<b>16,630</b>	(17,207)	<b>(1,322)</b>	(5,170)
Profit/(loss) attributable to:				
Owners of the Company	<b>16,216</b>	(17,521)	<b>(2,268)</b>	(5,899)
Non-controlling interest	<b>414</b>	314	<b>946</b>	729
	<b>16,630</b>	(17,207)	<b>(1,322)</b>	(5,170)
<b>Earnings/(loss) per share attributable to owners of the Company (sen):</b>				
- Basic and diluted	<b>8.28</b>	(11.93)	<b>(1.16)</b>	(3.95)

(The above consolidated income statements should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements)

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011  
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2011**

	<b>Current quarter ended 30.6.2011 RM'000</b>	<b>Comparative quarter ended 30.6.2010 RM'000</b>	<b>Current year to date ended 30.6.2011 RM'000</b>	<b>Preceding year to date ended 30.6.2010 RM'000</b>
<b>Profit/(loss) after tax for the period, representing total comprehensive income for the period</b>	<b>16,630</b>	<b>(17,207)</b>	<b>(1,322)</b>	<b>(5,170)</b>
Total comprehensive profit/(loss) attributable to:				
Owners of the Company	<b>16,216</b>	<b>(17,521)</b>	<b>(2,268)</b>	<b>(5,899)</b>
Non-controlling interest	<b>414</b>	<b>314</b>	<b>946</b>	<b>729</b>
	<b>16,630</b>	<b>(17,207)</b>	<b>(1,322)</b>	<b>(5,170)</b>

(The above consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements)

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR-TO-DATE ENDED 30 JUNE 2011**

	Attributable to owners of the Company										
	Share capital	Treasury shares	Share premium	Capital redemption reserve	Equity compensation reserve	Other reserves	Warrant reserves	Retained profits/ (accumulated losses)	Total	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 1.1.2011</b>	<b>97,872</b>	<b>(1)</b>	<b>84,483</b>	<b>3,192</b>	<b>423</b>	<b>-</b>	<b>11,255</b>	<b>1,876</b>	<b>199,100</b>	<b>7,796</b>	<b>206,896</b>
Total comprehensive income	-	-	-	-	-	-	-	(2,268)	(2,268)	946	(1,322)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(3,185)	(3,185)
Purchase of treasury shares	-	-*	-	-	-	-	-	-	-*	-	-*
Rights issue expenses	-	-	(120)	-	-	-	-	-	(120)	-	(120)
Total transactions with owners	-	-	(120)	-	-	-	-	-	(120)	(3,185)	(3,305)
<b>As at 30.6.2011</b>	<b>97,872</b>	<b>(1)</b>	<b>84,363</b>	<b>3,192</b>	<b>423</b>	<b>-</b>	<b>11,255</b>	<b>(392)</b>	<b>196,712</b>	<b>5,557</b>	<b>202,269</b>
As at 1.1.2010	150,000	(2,725)	104,396	-	423	50,725	-	(108,926)	193,893	7,667	201,560
Adoption of FRS 139	-	-	-	-	-	(50,725)	-	49,801	(924)	-	(924)
As restated <sup>(1)</sup>	150,000	(2,725)	104,396	-	423	-	-	(59,125)	192,969	7,667	200,636
Total comprehensive income	-	-	-	-	-	-	-	(5,899)	(5,899)	729	(5,170)
Cancellation of treasury shares:											
- Issued capital diminished transfer to capital redemption reserve	(3,192)	-	-	3,192	-	-	-	-	-	-	-
- Cost of treasury shares cancelled by utilising share premium	-	2,725	(2,725)	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(2,048)	(2,048)
Rights issue expenses	-	-	(173)	-	-	-	-	-	(173)	-	(173)
Purchase of treasury shares	-	(1)	-	-	-	-	-	-	(1)	-	(1)
Total transactions with owners	(3,192)	2,724	(2,898)	3,192	-	-	-	-	(174)	(2,048)	(2,222)
<b>As at 30.6.2010</b>	<b>146,808</b>	<b>(1)</b>	<b>101,498</b>	<b>3,192</b>	<b>423</b>	<b>-</b>	<b>-</b>	<b>(65,024)</b>	<b>186,896</b>	<b>6,348</b>	<b>193,244</b>

\* Denotes amount less than RM1,000.

<sup>(1)</sup> Restatements as disclosed in audited financial statements for the year ended 31 December 2010.

(The above consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011  
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 FOR THE YEAR-TO-DATE ENDED 30 JUNE 2011**

	Current year to date ended 30.6.2011 RM'000	Preceding year to date ended 30.6.2010 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(1,313)	(11,783)
Adjustments for non-cash items	2,556	12,638
Operating profit before changes in working capital	1,243	855
Changes in working capital:		
Net changes in receivables	(145)	6,360
Net changes in payables	(107)	(371)
Proceeds from disposals of investment securities and derivative financial assets	6,025	-
Additions in investment in securities and derivative financial assets	(9,586)	-
Net cash (used in)/generated from operations	(2,570)	6,844
Dividends received	-	19
Interest received	185	400
Income tax refund	2,090	36
Net cash (used in)/generated from operating activities	(295)	7,299
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(146)	(11)
Purchase of software licences	(19)	(10)
Net cash used in investing activities	(165)	(21)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(619)	(541)
Purchase of treasury shares	- *	(1)
Rights issue expenses	(120)	(174)
Dividend paid to non-controlling interest	(3,185)	(2,047)
Net cash used in financing activities	(3,924)	(2,763)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(4,384)	4,515
Effect of exchange rate changes	7	96
<b>Cash and cash equivalents at beginning of period</b>	49,910	15,892
<b>Cash and cash equivalents at end of period</b>	45,533	20,503
Cash and cash equivalents at end of period comprised:		
Cash and bank balances	160	700
Deposit with licensed banks and investment banks	45,373	19,803
	45,533	20,503

\* Denotes amount less than RM1,000.

(The above consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011****PART A - Explanatory Notes Pursuant to Financial Reporting Standard 134 ("FRS 134") Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB")****A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010 and the accompanying explanatory notes. These explanatory notes 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 December 2010.

The significant accounting policies and methods of computation adopted by the Group in this quarterly report are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new FRSs, amendments to FRSs and IC Interpretations, which are applicable for the Group's financial period beginning 1 January 2011:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-Time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRS 1, FRS 3, FRS 7, FRS 101, FRS 121, FRS 128, FRS 131, FRS 132, FRS 134, FRS 139 and Tax payable	Improvements to FRSs (2010)
IC Interpretation 13	
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011****A1. Basis of preparation (Cont'd)**

IC Interpretation 12 Service Concession Arrangements will also be effective for annual periods beginning on or after 1 July 2010. This IC Interpretation, is, however, not applicable to the Group.

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial performance, position or presentation of financials of the Group, other than the disclosures under the Amendments to FRS 7 which will affect the 2011 annual financial statements.

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

At the date of authorisation of these interim financial statements, the following FRS, IC Interpretations and Amendments to IC Interpretation were issued but not yet effective and have not been applied by the Group:

<b>FRS, IC Interpretation and Amendments to IC Interpretation</b>		<b>Effective for annual periods beginning on or after</b>
FRS 124	Related Party Disclosures	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayments of Minimum Funding Requirement	1 July 2011

IC Interpretation 15 Agreements for the Construction of Real Estate will also be effective for annual periods beginning on or after 1 January 2012. This IC Interpretation, is, however, not applicable to the Group.

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011****A2. Seasonal or cyclical factors**

There were no significant seasonal or cyclical factors that will materially affect the business of the Group in the current period to date. However, the Group's results are influenced by, amongst others, the market prices of quoted investments and fair value of unquoted investments as well as the timing of disposal of investments by the Group.

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

There were no unusual items affecting the financial statements for the current period to date.

**A4. Significant estimates and changes estimates**

There were no significant changes in estimates that have a material effect in the financial period to date results.

**A5. Changes in debt and equity securities****(a) Executive Share Option Scheme ("ESOS") of the Company**

On 11 April 2007, the Company had granted 1,314,100 options to the eligible executives and Directors of the Company and its subsidiary companies. There were no ESOS option being exercised or forfeited during the current year to date and the remaining options are as follows:

Date of offer	Exercise price (RM)	No. of options over ordinary shares of RM0.50 each			
		As at 1.1.2011	Exercised	Forfeited	As at 30.6.2011
11.4.2007	2.57	900,000	-	-	900,000



**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011****A5. Changes in debt and equity securities (Cont'd)****(b) Share buybacks / Treasury shares of the Company**

On 2 June 2011, the Company has purchased 1,000 ordinary shares for a total cash consideration of RM391 from the open market at an average cost of RM0.39 per share. The shares repurchased previously are being held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965. Summary of the share buybacks is as follows:

	Number of shares	Highest price RM	Lowest price RM	Average cost (including transaction costs) RM	Total amount paid RM
As at 1.1.2011	2,000	0.48	0.40	0.48	957
Share buyback on 2.6.2011	1,000	0.35	0.35	0.39	391
	1,000	0.35	0.35	0.39	391
As at 30.6.2011	3,000	0.35	0.35	0.45	1,348

**(c) Warrants**

Warrants reserve relates to the fair value of the warrants issued. During the financial period, there was no movement in the Company's warrants. As at 30 June 2011, the number of warrants was 97,872,266.

**A6. Segmental information**

The segment information has been prepared in accordance with the disclosure requirements of FRS 8: Operating Segments. For management purposes, the Group is organised into the following major business segments based services, which are regularly provided to and reviewed by the chief operating decision maker :

- |   |  |
|---|--|
| 1. Venture Capital Business                       | - Venture capital business and investment in high growth entities                  |
| 2. Private Equity Business and Investment Holding | - Management of private funds and holding of long term investments                 |
| 3. Internet Financial Solutions Business          | - Development and provision of internet financial solutions and related activities |
| 4. Holding Entity                                 | - Investment holding   |

Segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The inter-segment transactions have been entered into in the ordinary course of business at terms mutually agreed between the companies concerned and are not more favourable than those arranged with independent third parties have been eliminated to arrive at the Group's results.

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

**A6. Segmental information (Cont'd)**

**Business Segments**

	Venture capital business	Private equity business and investment holding	Internet financial solutions business	Holding entity	Eliminations	Consolidated
<b>Current year to date ended 30 June 2011</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External revenue	1,031	1,455	4,574	446	-	<b>7,506</b>
Inter-segment revenue	2,799	-	-	-	(2,799)	-
Total	<u>3,830</u>	<u>1,455</u>	<u>4,574</u>	<u>446</u>	<u>(2,799)</u>	<u><b>7,506</b></u>
<b>Results</b>						
Profit/(loss) from operations with external parties	1,733	(4,908)	2,420	75	-	<b>(680)</b>
Add : Inter segment revenue	2,799	-	-	-	(2,799)	-
Less : Inter segment expenses	(1,826)	(973)	-	-	2,799	-
Segment results	<u>2,706</u>	<u>(5,881)</u>	<u>2,420</u>	<u>75</u>	<u>-</u>	<u><b>(680)</b></u>
Finance cost						<u><b>(633)</b></u>
<b>Loss before tax</b>						<u><b>(1,313)</b></u>
Tax expense						<u><b>(9)</b></u>
<b>Loss for the period</b>						<u><b>(1,322)</b></u>
Non-controlling interest						<u><b>(946)</b></u>
<b>Loss for the period attributable to owners of the Company</b>						<u><u><b>(2,268)</b></u></u>

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011**
**A6. Segmental information (Cont'd)**
**Business Segments (Cont'd)**

	Venture capital <u>business</u> RM'000	Private equity business and <u>investment holding</u> RM'000	Internet financial solutions <u>business</u> RM'000	<u>Holding entity</u> RM'000	<u>Eliminations</u> RM'000	<u>Consolidated</u> RM'000
<b>Preceding year to date ended 30 June 2010</b>						
<b>Revenue</b>						
External revenue	4,049	405	4,066	83	-	8,603
Inter-segment revenue	3,499	-	-	-	(3,499)	-
Total	<u>7,548</u>	<u>405</u>	<u>4,066</u>	<u>83</u>	<u>(3,499)</u>	<u>8,603</u>
<b>Results</b>						
(Loss)/profit from operations with external parties	(13,082)	403	1,834	(411)	-	(11,256)
Add : Inter segment revenue	3,499	-	-	-	(3,499)	-
Less : Inter segment expenses	(2,633)	(866)	-	-	3,499	-
Segment results	<u>(12,216)</u>	<u>(463)</u>	<u>1,834</u>	<u>(411)</u>	<u>-</u>	<u>(11,256)</u>
Finance cost						<u>(527)</u>
<b>Loss before tax</b>						<u>(11,783)</u>
Tax benefit						<u>6,613</u>
<b>Loss for the period</b>						<u>(5,170)</u>
Non-controlling interest						<u>(729)</u>
<b>Loss for the period attributable to owners of the Company</b>						<u><u>(5,899)</u></u>

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

**A6. Segmental information (Cont'd)**

**Geographical Segments**

The Group operates in 2 geographical locations: Malaysia (Domestic) and China and Hong Kong (Foreign). Revenue is based on geographical locations of business operations. Non-current assets are presented based on the geographical locations of assets, which consist of Equipment and Intangible assets.

Domestic	Foreign	
Malaysia	China and Hong Kong	Total
RM'000	RM'000	RM'000

**Current year to date ended 30 June 2011**

Revenue	<b>7,506</b>	-	<b>7,506</b>
(Loss)/profit before tax	<b>(1,424)</b>	<b>111</b>	<b>(1,313)</b>
Non-current assets as at 30 June 2011	<b>140,652</b>	<b>6,295</b>	<b>146,947</b>

**Preceding year to date ended 30 June 2010**

Revenue	8,603	-	8,603
Loss before tax	(11,057)	(726)	(11,783)
Non-current assets as at 30 June 2010	152,454	10,745	163,199

**A7. Events subsequent to the end of the quarter**

There were no subsequent events from 30 June 2011 to 3 August 2011 (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

**A8. Changes in the composition of the Group**

There were no changes in the composition of the Group during the current period to date.

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

**PART B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for ACE Market**

**B1. Review of the performance of the Company and its subsidiaries**

The Group's loss after tax ("LAT") for the six-month ended 30 June 2011 was RM1.32 million compared to LAT of RM5.17 million for the corresponding period in 2010. The Group also recorded a revenue of RM7.51 million in the period under review, which was a 13% decrease in revenue from RM8.60 million in the corresponding period in 2010.

With the adoption of FRS 139 since the previous financial year, the Group has accounted for its investment in associated companies by Fair Value Through Profit or Loss (listed associated companies are marked to market) as opposed to equity accounting previously adopted.

As such, the Group's financial performance is generally influenced by the market price movements of its investment securities.

**B2. Material change in quarterly results before taxation for the current quarter compared with the immediate preceding quarter**

The Group recorded a profit before taxation of RM16.20 million for the quarter under review as compared to the preceding quarter's loss before tax of RM17.51 million. This is mainly due to changes in fair valuation of investment securities.

**B3. Current year prospects and progress on previously announced revenue or profit forecast**

**(a) Current year prospects**

In view of the global economy and financial uncertainties, the Board is of the opinion that the remaining year continues to be challenging for the Group.

The Group will continue to explore new investment opportunities and to improve the business performance of its key investee companies.

**(b) Progress and steps to achieve revenue or profit estimate, forecast, projection and internal targets previously announced**

There was no revenue or profit forecast announced previously by the Group.

**B4. Statement of the Board of Directors' opinion on achievability of revenue or profit estimate, forecast, projection and internal targets previously announced**

Not applicable.

**B5. Profit forecast / profit guarantee**

There was no profit forecast or profit guarantee issued by the Group.

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

**B6. Income tax benefit/(expense)**

	Current quarter ended <u>30.6.2011</u> RM'000	Current period to date ended <u>30.6.2011</u> RM'000
In respect of the current quarter / period to date:-		
- Malaysian income tax	(83)	(178)
- Deferred tax	514	169
	<u>431</u>	<u>(9)</u>

The deferred tax mainly arose from net fair value changes on investment securities.

**B7. Sale of unquoted investments and/or properties**

(a) Pursuant to the waiver obtained from Bursa Securities in compliance with Chapter 10 of the Listing Requirements of Bursa Securities for ACE Market, disclosure on the purchase and sale of unquoted investments as well as its net effect is exempted.

(b) There was no sale of properties during the quarter under review.

**B8. Purchase or disposal of quoted securities**

Particulars of purchase and disposal of quoted securities by the Group are as follows:

(a) Pursuant to the waiver obtained from Bursa Securities in compliance with Chapter 10 of the Listing Requirements of Bursa Securities for ACE Market, disclosure on the purchase and sale of quoted securities as well as its net effect is exempted.

(b) Investments in quoted securities as at 30 June 2011 are as follows:-

	Quoted Investment Securities <u>RM'000</u>
Quoted in Malaysia, at cost	206,175
Quoted outside Malaysia, at cost	894
Impairment loss	(39,757)
Changes in fair values	<u>9,052</u>
At carrying value	<u>176,364</u>
At fair value	<u>176,364</u>



**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011****B9. Status of corporate proposals and utilisation of proceeds**

- (a) **Status of corporate proposals announced but not completed as at 3 August 2011 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report)**

There were no corporate proposals previously announced but not completed as at 3 August 2011.

- (b) **Status of utilisation of proceeds raised by the Company**

As at 30 June 2011, the rights issue proceeds raised from the Company's rights issue exercise is utilised as follows:

<b>Purpose</b>	<b>Proposed Utilisation</b>	<b>Actual Utilisation</b>	<b>Intended Timeframe</b>	<b>Deviation</b>	<b>Explanations</b>
	<b>RM'000</b>	<b>RM'000</b>		<b>%</b>	
Working capital	23,868	11,331	3 years	47%	In progress
Corporate exercise expenses	600	600	1 month	100%	Completed
	<u>24,468</u>	<u>11,931</u>			

**B10. Borrowings**

As at 30 June 2011, the borrowings represent unsecured revolving credit facilities of RM29 million denominated in Ringgit Malaysia.

**B11. Disclosure requirements pursuant to implementation of FRS 139**

- (a) **Disclosure of derivatives**

There were no off balance sheet financial instruments or contracts entered into during the quarter under review.

- (b) **Disclosure of gains/losses arising from fair value changes of financial liabilities**

There were no fair value changes of financial liabilities during the current quarter under review.

**B11. Disclosure requirements pursuant to implementation of FRS 139 (Cont'd)**

**(c) The retained profits of the Group as at end of reporting period**

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed companies to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses. On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits mentioned above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

The breakdown of retained profits/(accumulated losses) of the Group as at the reporting date is as follows:

<b>Analysed by:</b>	As at	As at
	<u>30.6.2011</u>	<u>31.12.2010</u>
	RM'000	RM'000
Realised accumulated losses	(21,387)	(31,383)
Unrealised retained profits *	20,995	33,259
(Accumulated losses)/ retained profits	<u>(392)</u>	<u>1,876</u>

\* Unrealised retained profits comprise unrealised foreign exchange gains or losses, net unrealised market price gain for held-for-trading investments and derivative financial assets/liabilities and credits or charges relating to the recognition of deferred tax at the reporting date.

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011****B12. Material litigation**

As at 3 August 2011 (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), the Group was not engaged in any material litigation either as plaintiff or defendant and the directors are not aware of any proceeding pending or threatened against the Group or any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group.

**B13. Dividend**

No dividend has been proposed or declared for the quarter and year-to-date ended 30 June 2011 (30 June 2010: Nil).

**B14. Earnings/(loss) Per Share attributable to owners of the Company**

	<b>Current quarter ended 30.6.2011</b>	Comparative quarter ended 30.6.2010	<b>Current period to date ended 30.6.2011</b>	Preceding year to date ended 30.6.2010
<b>Basic earnings/(loss) per share</b>				
Profit/(loss) attributable to owners of the Company (RM'000)	<b>16,216</b>	(17,521)	<b>(2,268)</b>	(5,899)
Weighted average number of ordinary shares in issue ('000 shares)	<b>195,742</b>	146,808	<b>195,742</b>	149,453
Basic earnings/(loss) per share (sen)*	<b>8.28</b>	(11.93)	<b>(1.16)</b>	(3.95)

\* For the current quarter ended 30 June 2011, the outstanding warrants have been excluded from the computation of fully diluted loss per ordinary share as their effect is antidilutive.

**B15. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2010 was unqualified.

**By Order of the Board**

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**YEE CHEE WAI**  
**Executive Director**

Kuala Lumpur  
8 August 2011