

SMARTAG SOLUTIONS BERHAD (639421-X)

NOTES TO THE QUARTERLY REPORT

PART A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL

REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

A1. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with the Financial Reporting Standards (“FRS”) 134 : Interim Financial Reporting, Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). No comparative figures are available for the preceding year's individual and cumulative corresponding quarter as this is the first interim financial report being announced by the Company.

The interim financial statements should be read in conjunction with the proforma consolidated financial information and the Accountants’ Report as disclosed in the Prospectus of Smartag Solutions Berhad (“Smartag” or the “Company”) dated 28 March 2011 and the accompanying explanatory notes attached to the interim financial report.

The accounting policies and methods of computation adopted by Smartag, its subsidiaries and its jointly-owned entity (“Group”) for these interim financial statements are in compliance with the new and revised FRSs issued by the Malaysian Accounting Standards Board.

A2. Summary of significant accounting policies

Save as disclosed below, the significant accounting policies adopted are consistent with the Proforma Consolidated Financial Information and the Accountants’ Report as disclosed in the Prospectus of the Company dated 28 March 2011 and the audited financial statements of the Group for the financial year ended 30 September 2010.

On 1 October 2010, the Group had adopted the following new and revised Financial Reporting Standards, Issues Committee (“IC”) Interpretations (“IC Int”) and amendments/improvements to FRSs and IC Int mandatory for the financial period beginning on or after 1 January 2010 and 1July 2010:-

New and Revised FRSs

| | | |
|---------|--|----------------|
| FRS 1 | First-time Adoption of Financial Reporting Standards | 1 July 2010 |
| FRS 3 | Business Combinations | 1 July 2010 |
| FRS 4 | Insurance Contracts | 1 January 2010 |
| FRS 7 | Financial Instruments : Disclosures | 1 January 2010 |
| FRS 101 | Presentation of Financial Statements | 1 January 2010 |
| FRS 123 | Borrowing costs | 1 January 2010 |
| FRS 139 | Financial Instruments : Recognition and Measurement | 1 January 2010 |

Amendments/Improvements to FRSs

| | | |
|---------|--|-----------------------------------|
| FRS 1 | First-time Adoption of Financial Reporting Standards | 1 January 2010 |
| FRS 2 | Share-based Payment | 1 January 2010 and 1 July 2010 |
| FRS 5 | Non-current Assets Held for Sale and Discontinued Operations | 1 January 2010 and 1 July 2010 |
| FRS 7 | Financial Instruments: Disclosure | 1 January 2010 |
| FRS 8 | Operating Segments | 1 January 2010 |
| FRS 107 | Statement of Cash Flows | 1 January 2010 |
| FRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors | 1 January 2010 |
| FRS 110 | Events After the Reporting Period | 1 January 2010 |
| FRS 116 | Property, Plant and Equipment | 1 January 2010 |
| FRS 117 | Leases | 1 January 2010 |
| FRS 118 | Revenue | 1 January 2010 |
| FRS 119 | Employee Benefits | 1 January 2010 |
| FRS 120 | Accounting for Government Grants and Disclosure of Government Assistance | 1 January 2010 |
| FRS 123 | Borrowing Costs | 1 January 2010 |
| FRS 127 | Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | 1 January 2010 and 1 July 2010 |
| FRS 128 | Investment in Associates | 1 January 2010 |
| FRS 129 | Financial Reporting in Hyperinflationary Economies | 1 January 2010 |
| FRS 131 | Interests in Joint Ventures | 1 January 2010 |
| FRS 132 | Financial Instruments: Presentation | 1 January 2010 |
| FRS 134 | Interim Financial Reporting | 1 January 2010 |
| FRS 138 | Intangible Assets | 1 January 2010 and 1 July 2010 |
| FRS 140 | Investment Property | 1 January 2010 |

IC Int

| | | |
|-----------|--|----------------|
| IC Int 9 | Reassessment of Embedded Derivatives | 1 January 2010 |
| IC Int 10 | Interim Financial Reporting and Impairment | 1 January 2010 |
| IC Int 12 | Service Concession Arrangements | 1 July 2010 |
| IC Int 11 | FRS 2 – Group and Treasury Share Transactions | 1 January 2010 |
| IC Int 13 | Customer Loyalty Programmes | 1 January 2010 |
| IC Int 14 | FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | 1 January 2010 |
| IC Int 16 | Hedges of a Net Investment in a Foreign Operation | 1 July 2010 |
| IC Int 17 | Distributions of Non-cash Assets to Owners | 1 July 2010 |

Amendments to IC Int

| | | |
|-----------|--------------------------------------|-----------------------------------|
| IC Int 9 | Reassessment of Embedded Derivatives | 1 January 2010 and 1 July 2010 |
| IC Int 15 | Construction on Real Estate | 30 August 2010 |

The adoption of the above new and revised FRSs, IC Int and amendments/improvements to FRSs and IC Int did not have any significant effects on the interim financial report upon their initial application, other than as below:

FRS 7 – Financial Instruments - Disclosures

Prior to the adoption of FRS 7, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. Such disclosures will be made in the audited annual financial statements of the Group.

Amendments to FRS 8 - Operating Segments

With the adoption of amendments to FRS 8, Segment Reporting requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the chief operating decision maker, who makes decisions on the allocation of resources and assesses the performance of the reportable segments.

The Group concluded that the reportable operating segments determined in accordance with amendments to FRS 8 are the same as the business segments previously identified, there will be no impact on the financial position or results of the Group.

Revised FRS 101 – Presentation of Financial Statements

FRS 101 requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (ie. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements.

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity, if any, will be presented as a single line labeled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the statement of comprehensive income. The adoption of this standard does not have any impact on the financial position and results of the Group.

FRS 139 - Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognition and measurement of the Group's financial instruments. A financial asset or financial liability shall be recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments. A financial asset or financial liability is recorded initially at fair value upon initial recognition plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 October 2010.

Financial Assets

Subsequent to the initial recognition, financial assets are classified as 'financial assets at fair value through profit or loss', 'held-to-maturity investments', 'loans and receivables', 'available for sale financial assets ("AFS")' or 'derivatives designated as hedging instruments', as appropriate.

The Group's financial assets include trade and other receivables, cash and short term deposits, which are categories as 'loans and receivables'.

(i) *Loan and receivables*

Prior to 1 October 2010, loan and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate ("EIR") method. Gains and losses arising from the derecognition of the loans and receivables, EIR amortization and impairment losses are recognised in income statement.

Financial Liability

After initial recognition, financial liabilities are classified as 'fair value through profit or loss', 'amortised cost' or 'derivatives designated as hedging instruments', as appropriate.

The Group's financial liabilities include borrowings, trade and other payables.

Prior to 1 October 2010, all financial liabilities were stated at cost. Under FRS 139, financial liabilities are subsequently measured at amortised cost.

Inter-company Advances or Loans

Prior to 1 October 2010, the loans or advances granted from the Company to its subsidiaries were at interest free and were recorded at cost.

Upon the adoption of FRS 139, the advances or loans are classified as Loans and Receivables. As the loan is interest free and only payable at demand, the difference between the fair value and amortised cost of the loan or advance is derecognised.

Revised FRS 3 – Business Combinations

The revised FRS 3 introduces changes to the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period in that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the adoption of revised FRS 3 include:-

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;
- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;
- The Group elects, for each acquisition of a business, whether to measure non-controlling interest (previously described as minority interests) at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, and this impacts the amount of goodwill recognised; and
- When a business is acquired in stages, the previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognized in profit or loss, and this impacts the amount of goodwill.

Accordingly to its transitional provisions, the revised FRS 3 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition date are before 1 October 2010 are not adjusted.

Amendments to FRS 127 – Consolidated and Separate Financial Statements

Changes in significant accounting policies resulting from the adoption of the amendments to FRS 127 include:-

- A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss;
- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and
- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the amendments to FRS 127 has been applied prospectively and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interest, attribution of losses to non-controlling interest, and the disposal of subsidiaries before 1 October 2010. The changes will affect future transactions with non-controlling interest.

A3. Qualification on the Auditors' Report of preceding annual financial statements

There was no audit qualification to the annual audited financial statements of the Group for the financial year ended 30 September 2010.

Notwithstanding this, the financial statement of the subsidiaries comprise the following emphasis of matter paragraph in the auditors' report:-

Smartag International Inc.

"The accompanying financials statements have been prepared assuming that the Company will continue as a going concern. As discussed in notes of the financial statement, the Company has suffered recurring losses from operations and is dependent upon the continued sale of its securities, obtaining debt financing, or finding a suitable candidate for a business combination for funds to meet its cash requirements. These factors raise substantial doubt the Company's ability to continue as a going concern. The financial statement do not include any adjustments that might result from the outcome of this uncertainty."

Smartag Technologies Sdn Bhd

"Without qualifying our opinion, we draw attention to Note 2 to the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM51,128 during the financial year ended 30 September 2010, and as of that date, the Company's current liabilities exceeded its current assets by RM33,251 and recorded a capital deficiency of RM7,352. The ability of the Company to continue as a going concern is dependent on the continuous financial support from its holding company to provide adequate funds for the Company to meet its liabilities as and when they fall due."

Despite the abovementioned auditors' reports of Smartag International Inc. and Smartag Technologies Sdn. Bhd. containing emphasis of matter paragraphs on their going concerns, the directors of Smartag are of the view that as Smartag International Inc. and Smartag Technologies Sdn. Bhd. are presently dormant and the losses incurred comprise mainly of statutory expenses incurred, therefore, there would not have any material financial impact on the financial results of the Group.

A4. Seasonal or cyclical factors

The business operations within the industry are not affected by seasonal and cyclical factors.

A5. Unusual Items

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

A6. Changes in estimates of amounts reported

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the current financial quarter under review and financial year-to-date.

A7. Issuance or repayment of debt and equity securities

Save as below, there were no issuance or repayment of debt or equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current financial quarter under review and financial year-to-date.

On 10 November 2010, Smartag International had entered into a settlement agreement with Paul Matthews for the full settlement of a Convertible Note held by Paul Matthews. Pursuant to the said agreement, the outstanding Convertible Note of USD25,000 as at the even date was converted for 500,000 Smartag International Inc.'s common stock as the full and final settlement for the Convertible Note. Following the issuance of additional 500,000 Smartag International common stocks, there was a dilution in Smartag Solutions' equity interest in Smartag International from 98.6% to 94.01%.

A8. Dividends paid

There were no dividends paid nor declared for the current financial quarter under review.

A9. Segmental Information

The Group's segmental report for the quarter one is as follows:

| Segment Revenue | Current Quarter Ended 31/12/10 RM'000 | Preceding Corresponding Quarter Ended 31/12/09 RM'000* | Current Year To Date Ended 31/12/10 RM'000 | Preceding Corresponding Year To Date Ended 31/12/09 RM'000* |
|--|--|---|---|--|
| Smartware™ (RFID middleware and Smartware addons) | 45 | N/A | 45 | N/A |
| RFID Solutions for Manufacturing and Logistics | 1,527 | N/A | 1,527 | N/A |
| RFID Library Solutions | - | N/A | - | N/A |
| RFID Container Management System and Security Services | 195 | N/A | 195 | N/A |
| Others | 7 | N/A | 7 | N/A |
| Total Revenue | 1,774 | N/A | 1,774 | N/A |

| Segment Results | Current Quarter Ended 31/12/10 RM'000 | Corresponding Quarter Ended 31/12/09 RM'000* | Current Year To Date Ended 31/12/10 RM'000 | Corresponding Year To date Ended 31/12/09 RM'000* |
|--|--|---|---|--|
| Smartware™ (RFID middleware and Smartware addons) | 32 | N/A | 32 | N/A |
| RFID Solutions for Manufacturing and Logistics | (117) | N/A | (117) | N/A |
| RFID Library Solutions | - | N/A | - | N/A |
| RFID Container Management System and Security Services | 134 | N/A | 134 | N/A |
| Others | 5 | N/A | 5 | N/A |
| Segment Results | 54 | N/A | 54 | N/A |
| Unallocated Costs | (445) | N/A | (445) | N/A |
| Interest income | 2 | N/A | 2 | N/A |
| Profit /(loss) before taxation | (389) | N/A | (389) | N/A |

Analysis of Product By Geography

| Product By Geography | Current Quarter Ended 31/12/10 RM'000 | Preceding Corresponding Quarter Ended 31/12/09 RM'000* | Current Year To Date Ended 31/12/10 RM'000 | Preceding Corresponding Year To date Ended 31/12/09 RM'000* |
|-----------------------------|--|---|---|--|
| Thailand | 1,239 | N/A | 1,239 | N/A |
| Malaysia | 528 | N/A | 528 | N/A |
| Others | 7 | N/A | 7 | N/A |
| Total Revenue | 1,774 | N/A | 1,774 | N/A |

N/A Not applicable

*No comparative figures are available as this is the first quarterly report to Bursa Securities.

A10. Valuation of property, plant and equipment

The Company has not carried out valuation on its property, plant and equipment in the current financial quarter under review and financial year-to-date.

A11. Capital commitments

There are no material capital commitments in respect of property, plant and equipment as at 31 December 2010.

A12. Other commitments

There is a balance for project development costs amounting to RM707,500 which was approved and contracted for on 9 June 2010. For collaboration with Cruise GPS Systems Sdn Bhd to develop a land fleet management system that incorporates GPS and RFID for real-time monitoring of vehicles, Smartag Solutions incurred project development costs of RM2.83 million. The total project development cost is estimated at RM3.54 million. The amount of RM707,500 is expected to be incurred in the second quarter of the Group's FYE 30 September 2011.

A13. Changes in the composition of the Group

Save as disclosed in A7, there were no changes in the composition of the Group for the current financial quarter under review.

A14. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets arising since the last audited financial statement of the Group for the quarter ended 31 December 2010.

A15. Subsequent material events

a) On 28 March 2011, the Company issued its prospectus for its Initial Public Offering in conjunction with its listing on the ACE Market of Bursa Securities involving the following :-

The Public Issue of 57,000,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.31 per ordinary share comprising :-

- (i) 2,000,000 ordinary shares of RM0.10 each available for application by the Malaysian Public;
- (ii) 5,000,000 ordinary shares of RM0.10 each available for application by the eligible directors and employees and persons who have contributed to the success of the Group; and
- (iii) 50,000,000 ordinary shares of RM0.10 each available for application by way of placement to identified investors,

In conjunction with the public issue, the Company's entire enlarged and issued paid-up share capital comprising 227,000,000 ordinary shares of RM0.10 each is expected to be listed and quoted on the ACE Market of Bursa Securities on 18 April 2011.

(b) On 15 March 2011, the company enter into the RFID Container Tracking Service and Partnership Agreement with Netbay Company Limited in Thailand to facilitate and roll out a RFID container tracking system technology in Thailand for the enhancement of the customs clearance and visibility in Thailand.

A16. Significant related party transactions

There were no related party transactions during the current financial quarter under review with related parties.

B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of the performance of the Group

For the current financial quarter ended 31 December 2010, the Group recorded a revenue of RM1.774 million and loss before and after tax of RM0.389 million.

The RFID Solutions for Manufacturing and Logistics category was the largest contributor to the Group's revenue, totalling RM1.527 million. This amount constituted 86.1% of the total Group's revenue. The other contributors to the Group's revenue were from the Smartware™ category, the RFID Container Management System and Security Services category and other technical support on the RFID related products.

The operating expenses mainly consist of day-to-day operating expenses such as staff cost, travelling expenses and other expenses. Other expenses include costs incurred for the initial public offering amounting to RM0.383 million during the financial quarter ended 31 December 2010.

Notwithstanding the performance of the different segments of the Group for the current financial quarter, the Board of Directors believe that the contribution of each segment going forward will vary from quarter to quarter due to the project-based nature of the Group's revenue under the RFID Solutions for Manufacturing and Logistics, RFID Library Solutions and Smartware™ category.

B2. Comparison To The Results Of The Preceding Quarter

No comparative figures are presented for the immediate preceding quarter as this is the first interim report being announced by the Company.

B3. Prospects for the current financial year

Positive growth is expected in Malaysia's information and communications technology (ICT) industry in 2011. The capitalisation of ICT to further support growth across key industries (including ICT itself), from government transformation leveraging on ICT, as well as total societal development which has ICT as an element is expected.

Apart from this, we have been actively marketing our products and solutions through the series of events such as the 12th ECR Asia Pacific Conference (4th to 6th October 2010), the FMM Security Summit (21st October 2010), and our series of seminars known as the "RFID for the Optimization for Business Processes". In these events, we have obtained numerous inquiries, and we have been actively following up on them. We hope that these inquiries will materialize as sales, and be reflected on the following quarters.

On 15 March 2011, the company enter into the RFID Container Tracking Service and Partnership Agreement with Netbay Company Limited in Thailand to facilitate and roll out a RFID container tracking system technology in Thailand for the enhancement of the customs clearance and visibility in Thailand. The Board is hopeful that the Land Check Point project will become a major contributor to the Group's revenue moving forward.

Meanwhile, the Group is also looking into and exploring its other future plans including the Port Project, RFID as a Service project and RFID for Courier Services and Document Record Management project.

The Group is expected to benefit from these positive developments. In addition, the listing of the Group on the ACE Market of Bursa Securities is expected to boost the Group's market presence and stature, whilst equipping the Group with the necessary resources to enhance and improve its products, solutions and services and to better penetrate the local and overseas market.

Barring any unforeseen circumstances and in view of the positive developments mentioned above, the Board of Directors are confident of achieving better performance for remaining quarters of the financial year ending 30 September 2011.

B4. Profit Forecast and Profit Estimate

The Group has not issued any profit forecast or profit estimate for the current financial quarter under review or in any public documents.

B5. Taxation

| | Individual Quarter Current year quarter 31 Dec 2010 RM'000 | Cumulative Quarter Current year to date 31 Dec 2010 RM'000 |
|----------|---|---|
| | - ^ | - ^ |
| Taxation | - ^ | - ^ |

Note :-

^ less than RM1,000

The effective tax rate for the current financial quarter and cumulative year-to-date is immaterial as compared to the statutory tax rate of 25%. The current taxation comprise of tax payable on interests received. The Group's income is mainly from the approved MSC (Multimedia Super Corridor) activities carried out by the Company and are not subjected to income tax. The Company was granted MSC status with Pioneer Status tax incentive for 5 years beginning 11th July 2007.

B6. Sale of unquoted investment and/ or property

There was no sale of unquoted investment and/ or property in the current financial quarter under review and financial year-to-date.

B7. Purchase and disposal of quoted security other than security in existing subsidiaries and associated companies

The Company does not hold any quoted security other than security in existing subsidiaries and associated companies nor was there any purchase or disposal of quoted security in the current financial quarter under review and financial year-to-date.

B8. Status of corporate proposals announced but not completed

Save for that as disclosed in A14 above, there were no corporate proposals announced but not completed as at the date of issuance of this announcement.

B9. Status of utilisation of proceeds

As at 31 December 2010, the public issue is pending completion and as such no proceeds have been received.

B10. Group borrowings and debt securities

The Group does not have any borrowings and debt securities in the current financial quarter under review and financial year-to-date.

In terms of inter-Group borrowings, on 17th March 2009, the Company entered into a Revolving Promissory Note (the "Secured Note") with Smartag International Inc. Under the terms of the Secured Note, the Company agreed to advance to Smartag International Inc. from time to time amounts up to an aggregate of USD200,000/- until 30th September 2011 ("Due Date"). The Secured Note is renewable upon the Due Date and all advances are interest free and shall be paid on or before its Due Date. The purpose of the Secured Note is to enable Smartag International Inc. to settle any statutory and administrative expenses such as audit fees, filing expenses, secretarial expenses and corporate exercise fees as and when incurred.

B11. Off balance sheet financial instruments

The Group does not have any off balance sheet financial instrument in the current financial quarter under review and financial year-to-date.

B12. Material Litigations**Claim against both the defendants being G.T. & T. Engineering (M) Sdn Bhd**

On 14 April 2009, the Company had claimed from G.T.&T. Engineering (M) Sdn Bhd an amount of RM850,000.00 for the supply of 30,000 units of inferior RFID tags to Johor Port Berhad.

G.T.&T. Engineering (M) Sdn Bhd had later filed a claim against the Company for an amount of RM108,762.32 in respect of damages for replacement of the inferior RFID tags at Johor. On 8 March 2011, the Company's solicitors had filed its statement of defence and counterclaim and are now awaiting the Plaintiff to file their reply to the Company's counterclaim, being the claim of RM850,000 for the supply of 30,000 units of inferior RFID tags to Johor Port Berhad.

The lawyers, Khoo Chye Beng & Associates are of the opinion that the Group would not be liable for the damages claimed against it.

The above matter is now fixed for Mention on 21st April 2011.

B13. Dividends

No interim dividends have been declared during the current financial quarter under review.

B14. LPS

(a) Basic LPS

Basic LPS is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of shares in issue for the period.

| | Individual Quarter Current year quarter 31 Dec 2010 RM'000 | Cumulative Quarter Current year to date 31 Dec 2010 RM'000 |
|---|---|---|
| Profit / (Loss) attributable to equity holders of the Company | (386) | (386) |
| Weighted average number of ordinary shares in issue ('000) | 170,000 | 170,000 |
| Basic LPS (sen) | (0.23) | (0.23) |

(b) Diluted Earnings per Share / Loss per Share

Not applicable as the Company does not have any convertible shares or convertible financial instruments for the current financial quarter under review and financial year-to-date.

B.15. Realised and Unrealised Profit / Losses

Disclosure of Realised and Unrealised Profit/losses

| | Cumulative Year to date ended 31 December 2010 RM'000 |
|---|--|
| Total retained Profits of the Group | 11,278 |
| -Realised Profits | 11,378 |
| -Unrealised losses | (100) |
| Total group retained profits as per consolidated accounts | <u><u>11,278</u></u> |

B.16. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 11 April 2011.

BY ORDER OF THE BOARD

Lam Voon Kean

(MIA 4793)

Company Secretary

Pulau Pinang

13 April 2011