

WIJAYA BARU GLOBAL BERHAD (8184-W)
(Incorporated in Malaysia)

Notes to the Interim Financial Statements
For the quarter ended 31 December 2010

Explanatory Notes Pursuant to the Financial Reporting Standard (“FRS”) 134

1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for the revaluation of leasehold land and building and medical equipment. The timber concession rights are stated at fair value as at date of acquisition of the subsidiary.

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 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009. 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 financial year ended 31 December 2009.

2. Changes in Accounting Policies

The significant accounting policies and presentation adopted by the Group in this interim financial statement are consistent with those adopted in the audited financial statements for the year ended 31 December 2009 except for the following new and revised Malaysia Financial Reporting Standards (FRSs), amendments and other interpretations that are effective and applicable for financial year beginning on or after 1 January 2010.

FRS 3	Business Combinations (Revised)
FRS 7	Financial Instruments Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127 : Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Joint Controlled Equity or Associate
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Financial Instruments Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 128	Investments in Associates
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendment to FRS 139	Financial Instruments: Recognition and Measurement

2. Changes in Accounting Policies (Continued)

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 14	FRS 119 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new and revised FRS, amendments to FRS and IC Interpretations has resulted in changes of certain accounting policies and classification adopted by the Group as well as presentation of financial statements as described hereunder: -

FRS 101: Presentation of Financial Statements (Revised)

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the financial statements presented will consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The foreign currency gain or losses arising on translating of foreign operations that were recognised directly in equity in the preceding year/corresponding period are presented as components in other comprehensive income in the statement of comprehensive income. The statement of comprehensive income for preceding year/corresponding period is presented separately and allocation is made to show the amount attributable to owners of the parent and to non-controlling interests.

The total comprehensive income is presented as a one-line item in the statement of changes in equity and the comparative information has been re-presented in order to conform with the revised standard. This standard only affects the presentation aspects and will not have any impact on the earnings per share.

FRS 5: Non-current Assets Held for Sale and Discontinued Operations (Amendments)

A component of the Group is classified as a “Discontinued operation” when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognized in profit and loss.

FRS 139: Financial Instruments: Recognition and Measurement

FRS139 set out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. 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 January 2010.

2. Changes in Accounting Policies (Continued)**FRS 139: Financial Instruments: Recognition and Measurement (Continued)****Financial assets**

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and short-term deposits, other receivables(loans and receivables).

Loans and receivables

Prior to 1 January 2010, loans 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 method. Gains and losses arising from the derecognition of the loans and receivables, effective interest rate amortisation and impairment losses are recognised in the income statement.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include other payables(loans and borrowings).

Payables

Prior to 1 January 2010, payables are measured initially and subsequently at cost. Under FRS 139, payables are initially recognised at fair value, which is usually the original amount and subsequently carried at amortised cost using the effective interest method.

Impact on opening balances

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the consolidated statement of financial position and consolidated statement of changes in equity as at 1 January 2010.

	As at 1 January 2010
	RM'000
Decrease in Other receivables	92
Decrease in Other payables	(2,995)
Decrease in Investment in associates	3,069
Decrease in Retained earnings	<u>166</u>

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the annual financial statements of the Group for the financial year ended 31 December 2009 was not subject to any qualification.

4. Seasonal or Cyclical Factors

The business of the Group was not affected by any significant seasonal or cyclical factors during the quarter under review.

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the financial quarter under review except for impairment loss on a subsidiary's leasehold building amounting to RM25.907 million and total losses of RM37.336 million arising from discontinued operation and disposal group classified as held for sale.

6. Changes in Estimates

There were no changes in the estimates that have had a material effect in the current quarter results under review.

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial quarter under review.

8. Dividends Paid

There was no dividend paid or declared during the current quarter and financial year ended 31 December 2010 (31 December 2009: Nil).

9. Segmental Reporting

Segmental information is presented in respect of the Group's business segment.

Business Activity	4 th Quarter 3 months ended		Cumulative 12 months ended	
	31/12/2010 Revenue RM'000	31/12/2009 Revenue RM'000	31/12/2010 Revenue RM'000	31/12/2009 Revenue RM'000
Segment Revenue				
<u>Revenue from continuing operations:</u>				
Timber	-	12,045	24,091	48,181
Investment holding	-	-	-	-
Property development	-	-	-	-
Others	(44)	146	396	603
Total revenue from continuing operations	(44)	12,191	24,487	48,784
Revenue from discontinued operation	1,072	2,990	10,482	11,764
Total Revenue	1,028	15,181	34,969	60,548

Business Activity	4 th Quarter 3 months ended		Cumulative 12 months ended	
	31/12/2010 Loss before taxation RM'000	31/12/2009 Loss before taxation RM'000	31/12/2010 Loss before taxation RM'000	31/12/2009 Loss before taxation RM'000
Segment Results before tax				
<u>Results from continuing operations:</u>				
Timber	(26,329)	362	(26,337)	580
Investment holding	(839)	(34,860)	(3,547)	(38,187)
Property development	(1)	(1)	(126)	(4)
Others	49	58	371	286
Share of net results of an associated Company	(1,296)	(11,341)	11,510	(9,910)
Total results from continuing operations	(28,416)	(45,782)	(18,129)	(47,235)
Net loss from fair value adjustment of Loans and receivables	(545)	-	(545)	-
	(28,961)	(45,782)	(18,674)	(47,235)
Loss from discontinued operation	(209)	(2,239)	(7,490)	(8,788)
Gain / (Loss) for disposal group classified as held for sale	202	-	(29,910)	-
Total loss before taxation	(28,968)	(48,021)	(56,074)	(56,023)

No geographical segment information is presented as the Group operates principally in Malaysia.

10. Carrying Amount of Revalued Assets

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the financial year ended 31 December 2009, except for impairment loss on a subsidiary's leasehold building amounting to RM25.907 million with reference to the valuation conducted by the professional registered valuer.

11. Subsequent Material Events

There were no material events subsequent to the end of the current financial quarter under review to the date of announcement which were likely to substantially affect the results and the operations of the Group.

12. Changes in Composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review, except for the followings:

With the completion of the disposal of its 100% equity interest in Wijaya International Medical Centre Sdn. Bhd. ("WIMC") on 1 November 2010, WIMC had ceased to be subsidiary of the Group.

The effects of the disposal of WIMC on the financial position of the Group are disclose in Note 13 below.

13. Discontinued Operation

On 1 November 2010, the Group publicly announced the decision to dispose of its wholly-owned subsidiary, WIMC. The disposal was completed on 1 November 2010 when the Sale Share Agreement signed.

An analysis of the result of the discontinued operation and the results recognised on the carrying value of the assets of the disposal group are as follows:

	Group	
	Up to the date of disposal	Year 2009
	RM'000	RM'000
Revenue	10,482	11,764
Cost of sales	(10,019)	(11,959)
Gross Profit/(Loss)	463	(195)
Other operating incomes	83	72
Expenses	(8,036)	(8,665)
Loss before tax of discontinued operation	(7,490)	(8,788)
Income tax – deferred tax released	64	76
Loss after tax of discontinued operation	(7,426)	(8,712)

13. Discontinued Operation (cont'd)

The major classes of assets and liabilities of WIMC as at 31 October 2010 is as follows:

	Carrying amounts	
	Up to the date of disposal RM'000	As at 31.12.2009 RM'000
Assets:		
Property, plant and equipment	57,645	60,798
Inventories	724	803
Trade and other receivables	1,635	1,935
Tax recoverable	22	22
Cash and bank balances	460	405
Assets of disposal group classified as held for sale	60,486	63,963
Liabilities:		
Hire Purchase liability	73	-
Trade and other payables	5,998	4,396
Deferred tax liabilities	888	951
Liabilities directly associated with the assets classified as held for sale	6,959	5,347
Net Assets at carrying amount	53,527	58,616
Impairment recognized on re-measurement to fair value of medical equipment	(29,227)	N/A
Net Assets at Fair Value	24,300	N/A
Cash proceeds *	20,000	N/A
Impairment loss of disposal group classified as held for sale	(4,300)	N/A
Loss on disposal group classified as held for sale		
Impairment recognized on re-measurement to fair value of medical equipment	(29,227)	N/A
Impairment loss of disposal group classified as held for sale	(4,300)	N/A
	(33,527)	N/A
Reserve attributable to disposal group classified as held for sale	3,617	N/A
Total	(29,910)	N/A

*A sum of RM2,000,000/- which is equivalent to 10% of the Sale Price as earnest deposit had been received upon execution of the agreement. The balance Sale Price in the sum of RM18,000,000/- shall be paid by the purchaser within twelve months from the date of execution of the agreement.

14. Changes in Contingent Liabilities and Contingent Assets

There were no additional contingent liabilities or contingent assets since 31 December 2009 till the date of announcement of this quarterly report.

15. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2010 are as follows:

	RM'000
Approved and contracted for:	
Automatic Instant Rice Cooking and Packaging Plant	
- Plant and equipment (USD9,799,600)**	<u>30,849</u>

** The foreign exchange rate used as at 31 December 2010 is as follows:
USD 1.00 : RM3.1480

Additional Explanatory Notes in compliance with Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.**16. Review of Performance****Revenue**

The Group recorded revenue of RM24.487 million for cumulative quarter ended 31 December 2010, a decrease of RM24.297 million or 49.81% as compared to the corresponding cumulative quarter ended 31 December 2009.

For the current quarter ended 31 December 2010, the Group recorded a decrease of RM12.235 million in revenue as compared to the corresponding current quarter ended 31 December 2009.

This was mainly due to the expiry of Usama Industries Sdn. Bhd.'s timber license on 9 July 2010, thus resulting in the decrease in revenue during the current and cumulative quarter ended 31 December 2010 as compared to corresponding current and cumulative quarter ended 31 December 2009.

Profit / (Loss) before taxation

Cumulative quarter ended 31 December 2010 as compared to the corresponding cumulative quarter ended 31 December 2009

The Group recorded a pre-tax loss of RM56.074 million for the cumulative quarter ended 31 December 2010, an minor increase in net loss by RM0.051 million as compared to a pre-tax loss of RM56.023 million recorded in the corresponding cumulative quarter ended 31 December 2009.

The increase in pre-tax loss was mainly due to impairment loss on leasehold building amounting to RM25.907 million for its subsidiary, Usama Industries Sdn. Bhd.

16. Review of Performance (cont'd)

Profit / (Loss) before taxation (cont'd)

Current quarter ended 31 December 2010 as compared to the corresponding current quarter ended 31 December 2009

The Group recorded a decrease in pre-tax loss of RM19.05 million as compared to the corresponding quarter.

The lower pre-tax loss was mainly due to impairment loss of RM33.96 million recorded in the corresponding quarter ended 31 December 2009. However, a higher share of profit from WBSB also contributed to the lower pre-tax loss.

17. Variation of Results Against Preceding Quarter

Group's pre-tax loss for current quarter ended 31 December 2010 was RM28.968 million as compared to Group's pre-tax loss of RM25.923 million for the preceding quarter ended 30 September 2010.

The higher pre-tax loss of RM3.045 million was mainly due to impairment loss on leasehold building amounting to RM25.907 million for its subsidiary, Usama Industries Sdn. Bhd. recorded in current quarter ended 31 December 2010.

18. Current Year Prospects

As the Medical Centre had been disposed in 1 November 2010, the Group shall be looking for new business ventures which will contribute positively to the Group's future performance.

We anticipate that our associated company will continue to contribute significantly to the overall performance of the Group in year 2011.

With the above, the prospects of the Group for the year 2011 should show some improvement.

19. Profit Forecast and Profit Guarantee

There is no profit forecast and profit guarantee that is applicable to the Group.

20. Taxation

Taxation comprises the following:

	Current Quarter (3 months ended)		Cumulative Quarter (12 months ended)	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
Current tax:				
Malaysian income tax	(54)	462	1,469	1,584
	<u>(54)</u>	<u>462</u>	<u>1,469</u>	<u>1,584</u>
Under/(Over) provision of Malaysian income tax in prior years	1	26	1	324
	<u>(53)</u>	<u>488</u>	<u>1,470</u>	<u>1,908</u>
Deferred tax	(57)	(315)	(292)	(1,339)
Total income tax expense	<u>(110)</u>	<u>173</u>	<u>1,178</u>	<u>569</u>

The Group's effective tax rate is higher than the statutory tax rate mainly due to the absence of the Group's tax relief in respect of losses suffered by certain companies and certain expenses which are not deductible for tax purpose.

Included in the income tax figure for the quarter ended 31 December 2010 are the net adjustment for deferred tax charges in respect of timber concession rights, ICULS liability component and leasehold land and building.

21. Sale of Unquoted Investments and / or Properties

There was no sale of unquoted investments or properties during the quarter under review.

22. Purchase or Disposal of Quoted Securities

There was no purchase or sale of quoted securities during the quarter under review.

23. Corporate ProposalsStatus of Corporate Proposals Announced but Not CompletedMemorandum of Understanding ("MoU") in the Socialist Republic of Vietnam

There are no major developments on the above corporate proposal since last announcement.

24. Group Borrowings and Debts Securities

Group borrowings are as follows:-

	As at 31.12.2010 RM'000	As at 31.12.2009 RM'000
(a) Current borrowing – secured		
Hire purchase payable	44	129
(b) Non-current borrowing – secured		
Hire purchase payable	-	44

(c) There were no borrowings or debt securities denominated in foreign currencies.

25. Financial Instruments**(a) Derivatives**

There were no outstanding derivatives as at 31 December 2010 except for the Company has provided various financial guarantees to suppliers for the guarantee of credit facilities granted to its subsidiary. As at 31 December 2010, the amount of financial guarantee granted to its subsidiary amounted to RM600,000/-. However, as per Share Sale Agreement (disposal of WIMC) dated 1 November 2010, the purchaser undertakes and covenants with the Company to discharge the Company as guarantor for the credit facilities within three months from the date of the Agreement. Pending the discharge, the purchaser indemnifies and keeps the Company indemnified of any claims, liabilities, damages, costs and expenses which may arise under the credit facilities.

The Company has not recognized the value of the obligation under the Financial Guarantee in its books.

(b) Gain / (losses) arising from fair value changes in financial assets and liabilities

The Group policy is to recognize the followings financial assets and liabilities at amortised cost.

The changes in accounting policies in line with the adoption of FRS139, have the effect of decrease the current quarter net profit by RM0.545 million only as stated below:

	Current Quarter ended 31.12.2010 RM'000
Gain arising from other receivables	16
Loss arising from other payables	(561)
Net loss from fair value adjustment	(545)

The above gain/(loss) were arising from the re-measurement of fair value of other receivables and other payables.

26. Material Litigation

Other than the cases shown below, there was no other material litigation pending.

(A) Usama Industries Sdn. Bhd. Cases

(1) Civil Suit No: 22-98-2006-II at the High Court of Kuching, and Appeal to the Court of Appeal by the Plaintiff, Suit No. O-02-1307-09 Usama Industries Sdn. Bhd. vs Jati Bahagia Sdn. Bhd.

This case is about the Usama Industries Sdn. Bhd. (“UISB”) claiming against Jati Bahagia Sdn. Bhd. for the sum of RM21,814,790.48 with interest as at June 2006 for premium underpaid. (However, due to the time barred of the earlier period, the claim had been reduced to RM17,820,140.00)

This case was originally filed under Civil Suit No: 22-164-2004. The Writ of Summons was not served and had expired. The previous solicitors’ firm Messrs Victor Wong & Co. had filed a new writ under Civil Suit No: 22-98-2006 and updated the claim to June 2006 for RM21,814,790.48. Judgment in default of Appearance was obtained on 10 October 2006. The Defendant had filed an Application to set aside the Judgment and the Judgment was set aside.

The Defendant’s solicitors had also filed their Defence and Counter-claim for a sum of RM6,688,300.18.

The case really turns to the interpretation of the Variation Agreement no. 2, on whether the payment of the premium to be paid by the Defendant to the Plaintiff is based on the market price of Meranti as published in the International Tropical Timber Organisation (“ITTO”) journal or the sale price of the Meranti as alleged by the Defendant. The Plaintiff’s solicitors contention is that the price should be based on the market price of Meranti as published by ITTO in the Asia Pacific region.

As to the counterclaim of the Defendant, the Plaintiff is pleading estoppel in that all payments paid by the Defendant to the Plaintiff were based on the volume of timber calculated and tabulated by the Defendant to the Plaintiff. The case was heard on 27 and 28 April, 2009 and the Court had on 15th June, 2009 dismissed the Plaintiff’s case. The Plaintiff had filed the Notice of Appeal on 16th June, 2009. At the same time the Court had also dismissed the Defendant’s counter-claim and the Defendant had also filed a Cross-Appealed on 17 August, 2009.

We are now waiting for the Court of Appeal to fix the date of hearing of both Appeals hopefully in the middle of this year 2011.

The outcome of the above legal case has no adverse financial impact to the Group.

26. Material Litigation (cont'd)

(A) Usama Industries Sdn. Bhd. Cases (cont'd)

**(2) Civil Suit No: 22-11-2009 at the High Court in Sabah and Sarawak at Miri
Usama Industries Sdn. Bhd. vs Victor L.F. Wong trading as Victor Wong & Chiew
Advocates and Solicitors and Victor Wong & Chiew Advocates and Solicitors (a firm)**

Usama Industries Sdn. Bhd. filed a suit against Victor L.F. Wong trading as Victor Wong & Chiew (1st Defendant) and Victor Wong & Chiew Advocates and Solicitors (2nd Defendant) for professional negligence and claiming Special Damages in the sum of RM27,440,000.00, General Damages, interest at such and for such period as the Court shall think fit and costs. This is due to the fact that Victor L.F. Wong had failed to take active steps or sufficient actions to prosecute our claims nor serve the summons of the three cases after the same had been filed, sealed and issued by the High Court in Kuching i.e. Kuching High Court Suit No.22-164-2004-II, 22-165-2004-II and 22-166-2004-I resulting in UISB's claim for damages against Jati Bahagia Sdn. Bhd. to become statute barred by virtue of Section 2 of the Limitation Act Ordinance. Victor Wong & Chiew, as Usama's solicitors had misinformed the Company on 14 November 2007 that the Writ Of Summons together with the Statement of Claim had been served on both the 1st and 2nd Defendants when that was not so.

In the meantime, as the defence of the Defendants has yet to be filed, our solicitors had filed in a Judgment in Default of Defence. Thereafter the High Court allowed the application of the Defendants to set aside the judgement in default and ordered the defendants to file the defence within two weeks from 5 May 2010.

The Defendants had filed their defence and counter-claim. Our solicitors have to file its Reply and Defence to the counter-claim by 21 May 2010.

The case is fixed for hearing on 7 July 2010 and later adjourned to reschedule to 22 September 2010.

The hearing of the full trial date which is fixed on 15 to 18 February 2011 had been postponed due to the Chinese New Year holiday. As at today, the Court has yet to fix the hearing date until now.

On a video conference fixed on 11 February 2011, the Court is granting the adjournment also would wish to know if there is any possibility of settlement outside the court. The Chief Justice had earlier attempted to mediate for a settlement but aborted the effort.

The outcome of the above legal case has no adverse financial impact to the Group.

26. Material Litigation (cont'd)

(A) Usama Industries Sdn. Bhd. Cases (cont'd)

(3) Civil Suit No: 22-42-2009 at the High Court in Sabah and Sarawak at Sibul Usama Industries Sdn. Bhd. vs Jati Bahagia Sdn. Bhd.

UISB filed a Writ of Summons and Statement of Claim ("Writs") on 17 August 2009 which has been served on the advocates of Jati Bahagia Sdn Bhd on 2 September 2009.

This suit arose due to the breach of the Deed of Variation No. 2 dated 15 October 1998 by the Defendant. Despite repeated protests and demands, the Defendant refused to pay the Plaintiff premium for the logs purchased based on market price of Meranti timber of standard quality and above but continued to pay the Plaintiff premium based on the arbitrary price set up by the Defendant on Meranti timber which has no reference to the market price of Meranti in open market at all.

The Plaintiff claims against the Defendant for:-

1. The sum of RM15,570,644.00 being the amount of underpaid premium due and owing from the sale of logs under the Deed of Variation No. 2 from August 2006 to July 2009.
2. Interest at the rate of 8% per annum from the date of the Writs until Judgment and thereafter interests at the rate of 8% per annum from the date of the Judgment until full payment.
3. Such further and other relief as the Court deems fit and proper.
4. Costs.

Summons had been served and the case came up for case management on 19th April 2010. The case was originally fixed for hearing on the 27th September 2010 and our lawyer had apply for an adjournment.

The case came up former mention on the 22nd November 2010 and during which time the court ordered the party to come out with agreed facts and issues.

The court adjourned the case until the hearing and the disposal of the Appeal in Case 1 above (Civil Suit No:22-98-2006-II and Civil Appeal No: Q-02-1307-09).

The outcome of the above legal case has no adverse financial impact to the Group.

(B) Civil Suit No: SK 22-01-2007 at the High Court of Kota Kinabalu - Wijaya Baru Global Berhad vs Crest Megaway Sdn. Bhd.

This suit is filed for the recovery of the sum of RM2,500,000.00. The Civil Suit was filed on 3 January 2007 and the Defendant has filed its Defence on 5 February 2007.

A trial date has been fixed on 31 March 2010.

On 31st March 2010, the court had recorded a consent order whereby CMSB has agreed to pay a sum of RM500,000/- over 9 monthly installments with the 9th installment on 3rd November 2010. As such, the Court has fixed on 22nd November 2010 for mention date to ascertain whether or not all the installments are paid.

All cheques had cleared on timely basic. The Mention on 22.11.2010 had been vacated. However, it was on the court's record that this case had already settled.

26. Material Litigation (cont'd)

(C) Suit No: KCH-22-240-2010-III at the High Court in Sabah and Sarawak at Kuching -Government of Malaysia vs Usama Industries Sdn. Bhd.

On 10 January 2011 Usama Industries Sdn. Bhd. (“UISB”), a wholly-owned subsidiary of Wijaya Baru Global Bhd. had received a writ of summons dated 30 November 2010 and statement of claim dated 29 November 2010, which was filed by The Government of Malaysia (Lembaga Hasil Dalam Negeri Malaysia). UISB is not a major subsidiary of the Company since July 2010.

The Plaintiff claims against UISB to recover tax payable for the Year of Assessment 2003 for an amount of RM5,314,772,91 (inclusive penalties).

The case has been fixed for Mention on 31 March 2011 and UISB is required to file the Defence on that date.

UISB does not expect any loss to arise from the legal suit. However, the expected losses, if any, are legal costs and fees arising from handling the legal suit.

The legal suit is not expected to have any materials financial and operational impact on UISB as the group has adequate resources to meet the commitment of the alleged claim.

27. Dividend Payable

No final ordinary dividend has been declared for the financial year ended 31 December 2010 (31 December 2009: Nil).

28. Earnings Per Share

(a) Basic Earnings / (Loss) Per Share

The basic earnings /(losses) per share amounts are calculated by dividing the Group's net loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	Current Quarter (3 months ended)		Cumulative Quarter (12 months ended)	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
Loss from continuing operations attributable to ordinary equity holders of the parent	(28,851)	(45,955)	(19,852)	(47,804)
Loss from discontinued operation attributable to ordinary equity holders of the parent	-	(2,220)	(37,336)	(8,712)
Loss attributable to ordinary equity holders of the parent	(28,851)	(48,175)	(57,188)	(56,516)
	Current Quarter (3 months ended)		Cumulative Quarter (12 months ended)	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
Weighted average number of ordinary shares in issue	276,371	276,270	276,336	276,417
	Current Quarter (3 months ended)		Cumulative Quarter (12 months ended)	
	31.12.2010 Sen	31.12.2009 Sen	31.12.2010 Sen	31.12.2009 Sen
Basic earnings/(loss) per share for:				
Loss from continuing operations	(10.44)	(16.63)	(7.18)	(17.30)
Loss from discontinued operation	-	(0.81)	(13.51)	(3.15)
Loss for the period	(10.44)	(17.44)	(20.69)	(20.45)

28. Earnings Per Share (cont'd)

(b) Diluted Earnings / (Loss) Per Share

For the purpose of calculating diluted earnings / (losses) per share, the net profit / (loss) for period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, i.e. ICULS and Warrants.

	Current Quarter (3 months ended)		Cumulative Quarter (12 months ended)	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
Loss from continuing operations attributable to ordinary equity holders of the parent	(28,851)	(45,955)	(19,852)	(47,804)
Loss from continued operation attributable to ordinary equity holders of the parent	-	(2,220)	(37,336)	(8,712)
Loss attributable to ordinary equity holders of the parent	<u>(28,851)</u>	<u>(48,175)</u>	<u>(57,188)</u>	<u>(56,516)</u>

	Current Quarter (3 months ended)		Cumulative Quarter (12 months ended)	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
Weighted average number of ordinary shares in issue	276,371	276,270	276,336	276,417
Effects of dilution:				
ICULS	-	-	-	-
Warrants	-	-	-	-
Adjusted weighted average number of ordinary share in issue and issuable	<u>276,371</u>	<u>276,270</u>	<u>276,336</u>	<u>276,417</u>

28. Earnings Per Share (cont'd)

(b) Diluted Earnings / (Loss) Per Share (cont'd)

	Current Quarter (3 months ended)		Cumulative Quarter (12 months ended)	
	31.12.2010 Sen	31.12.2009 Sen	31.12.2010 Sen	31.12.2009 Sen
Diluted earnings /(loss) per share for:				
Loss from continuing operations	(10.44)	(16.63)	(7.18)	(17.30)
Loss from discontinued operation	-	(0.81)	(13.51)	(3.15)
Loss for the period	<u>(10.44)</u>	<u>(17.44)</u>	<u>(20.69)</u>	<u>(20.45)</u>

The effects on the loss per share for the current quarter and cumulative quarter ended 31 December 2010 and 31 December 2009 arising from the assumed conversion of ICULS and Warrants are anti-dilutive.

29. Realised and Unrealised Retained Earnings / (Accumulated Loss)

	As at 31/12/2010 RM'000	As at 30/9/2010 RM'000
Total retained earnings/(Accumulated loss) of Company and its subsidiaries:		
- Realised profit / (loss)	(134,879)	(107,718)
- Unrealised profit / (loss)	2,874	3,268
Total shares of retained earnings/(Accumulated loss) from associated company :		
- Realised profit / (loss)	37,984	39,280
- Unrealised profit / (loss)	(4,109)	(4,109)
Total Group Accumulated Loss	<u>(98,130)</u>	<u>(69,279)</u>

30. Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 February 2011.