



SUMMARY OF KEY FINANCIAL INFORMATION FOR THE FIRST QUARTER ENDED 30 JUNE 2008.

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER ENDED 30.06.2008 UNAUDITED	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30.06.2007 UNAUDITED	CURRENT YEAR 30.06.2008 UNAUDITED	PRECEDING YEAR TO DATE 30.06.2007 UNAUDITED
	RM'000	Restated RM'000	RM'000	Restated RM'000
1. Revenue	15,680	14,441	15,680	14,441
2. Profit before tax from continuing operations	392	716	392	716
3. Profit for the period from continuing operations after MI	102	282	102	282
4. Profit attributable to ordinary equity holders of the parent.	66	17	66	17
5. Basic earnings per share (sen).	0.03	0.01	0.03	0.01
6. Proposed/Declared dividend per share (sen).	-	-	-	-
	As At End of Current Quarter		As At Preceding Financial Year End	
7. Net asset per share attributable to ordinary equity holders of the parent (RM).	0.71		0.70	



**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2008**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.06.2008 UNAUDITED	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2007 UNAUDITED Restated	CURRENT YEAR TO DATE 30.06.2008 UNAUDITED	PRECEDING YEAR TO DATE 30.06.2007 UNAUDITED Restated
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	15,680	14,441	15,680	14,441
Operating Expenses	(15,438)	(14,210)	(15,438)	(14,210)
Other income	311	539	311	539
Profit From Operation	553	770	553	770
Finance Cost	(161)	(54)	(161)	(54)
Profit before taxation	392	716	392	716
Taxation	(258)	(370)	(258)	(370)
Profit for the period from continuing operations before MI	134	346	134	346
Minority Interest (MI)	(32)	(64)	(32)	(64)
Profit for the period from continuing operations after MI	102	282	102	282
Discontinued Operation				
Profit/(Loss) for the period from discontinued operation before MI	64	(270)	64	(270)
Minority interest (MI) *	(100)	5	(100)	5
Loss for the period from discontinued operation before MI	(36)	(265)	(36)	(265)
Profit attributable to ordinary equity holders of the parent	66	17	66	17
Minority Interest (MI)	132	59	132	59
Net Profit For The Period	198	76	198	76
Earnings per ordinary share	(sen)	(sen)	(sen)	(sen)
Basic				
- Continuing	0.04	0.01	0.04	0.01
- Discontinued	(0.01)	-**	(0.01)	-**
	0.03	0.01	0.03	0.01



SITT TATT BERHAD (55576-A)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2008**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.06.2008 UNAUDITED RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2007 UNAUDITED Restated RM'000	CURRENT YEAR TO DATE 30.06.2008 UNAUDITED RM'000	PRECEDING YEAR TO DATE 30.06.2007 UNAUDITED Restated RM'000
<u>* MI for discontinued operations</u>				
- Profit making subsidiary company	216	-	216	-
- Loss making subsidiary company	(152)	(270)	(152)	(270)
	<u>64</u>	<u>(270)</u>	<u>64</u>	<u>(270)</u>
MI portion of the results				
- Profit making subsidiary company	(100)	-	(100)	-
- Loss making subsidiary company	-	5	-	5
	<u>(100)</u>	<u>5</u>	<u>(100)</u>	<u>5</u>

** Not stated as the amount is immaterial below 0.01 cents.

Diluted earnings per share

- For the current year quarter and current year to date, there is no computation presented as the Irredeemable Convertible Preference Shares (ICPS) were all converted to ordinary shares during this period

- For the preceding year corresponding quarter and preceding year to date, there is no computation presented as the effect of the assumed conversion of the ICPS during the period was anti-dilutive

(The Unaudited Condensed Consolidated Income Statement Should Be Read In Conjunction With The Audited Financial Statements For The Year Ended 31 March 2008).



SITT TATT BERHAD (55576-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT

	Note	30 June 2008 (UNAUDITED)	31 March 2008 (AUDITED)
ASSETS		RM'000	RM'000
<u>Non-current Assets</u>			
Property , Plant and Equipment		19,462	19,168
Intangible Assets	19	45,865	66,294
Other Investments		404	818
Fixed Deposit		860	842
Deferred Tax Assets		5	5
		66,596	87,127
<u>Current Assets</u>			
Inventories		7,986	7,288
Trade Receivables		15,573	15,028
Tax Recoverable		234	255
Other Receivables, Deposit and Prepayments		28,638	6,079
Cash & Cash Equivalent		69,883	69,859
		122,314	98,509
Assets Held For Sale	23 (E)	5,544	5,419
Assets of subsidiary classified as held for sale	23 (D)	9,783	9,542
		137,641	113,470
TOTAL ASSETS		204,237	200,597
<u>EQUITY AND LIABILITIES</u>			
<u>Equity Attributable To Equity Holders Of The</u>			
Share Capital :			
- Ordinary Shares		228,728	228,718
- Irredeemable Convertible Preference Shares		-	10
Reserves		(67,396)	(68,715)
		161,332	160,013
Minority Interest		6,008	5,841
Total Equity		167,340	165,854
<u>Non-current Liabilities</u>			
Borrowings		2,410	2,575
Other Deferred Liabilities		252	251
		2,662	2,826
<u>Current Liabilities</u>			
Trade Payables		7,612	6,679
Other Payables and Accruals		5,699	6,385
Bank Overdraft		1,582	875
Other Short Term Borrowings		12,240	11,153
Taxation		1,024	771
		28,157	25,863
Liability of subsidiary classified as held for sale	23 (D)	6,078	6,054
		34,235	31,917
Total Liabilities		36,897	34,743
TOTAL EQUITY AND LIABILITIES		204,237	200,597
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM).			
		0.71	0.70

(The Unaudited Condensed Consolidated Balance Sheet Should Be Read In Conjunction With The Audited Financial Statements For The Year Ended 31 March 2008).



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Equity Attributable to Equity Holders Of The Parent →									
	← Share Capital →			← Non Distributable Reserves →			Accum- ulated Loss RM'000	TOTAL RM'000	Minority Interests RM'000	Total Equity RM'000
	Irredeemable		Share Premium RM'000	Capital Reserve RM'000	Foreign Exchange Reserve RM'000					
	Convertible	Preference								
Ordinary Shares RM'000	Shares RM'000									
3 Months Ended 30 June 2008										
At 1 April 2008	228,718	10	52,050	1,819	(6,288)	(116,296)	160,013	5,841	165,854	
(a) Conversion to ordinary shares	10	(10)	-	-	-	-	-	-	-	
(b) Foreign Currency Translation	-	-	-	-	1,288	-	1,288	-	1,288	
(c) Absorption of minority interest share of subsidiary negative net assets	-	-	-	-	-	(35)	(35)	35	-	
(d) Profit for the period	-	-	-	-	-	66	66	132	198	
At 30 June 2008	<u>228,728</u>	<u>-</u>	<u>52,050</u>	<u>1,819</u>	<u>(5,000)</u>	<u>(116,265)</u>	<u>161,332</u>	<u>6,008</u>	<u>167,340</u>	
3 Months Ended 30 June 2007										
At 1 April 2007	194,590	34,138	52,050	994	1,507	(97,247)	186,032	5,467	191,499	
(a) Conversion to ordinary shares	34,128	(34,128)	-	-	-	-	-	-	-	
(b) Foreign Currency Translation	-	-	-	(2)	(415)	-	(417)	-	(417)	
(c) Profit for the period	-	-	-	-	-	17	17	59	76	
At 30 June 2007	<u>228,718</u>	<u>10</u>	<u>52,050</u>	<u>992</u>	<u>1,092</u>	<u>(97,230)</u>	<u>185,632</u>	<u>5,526</u>	<u>191,158</u>	

(The Unaudited Condensed Consolidated Statement Of Changes In Equity Should Be Read In Conjunction With The Audited Financial Statements For The Year Ended 31 March 2008.)



**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER
ENDED 30 JUNE 2008.**

	2008	2007
	3 Months Ended	3 Months Ended
	30 June	30 June
	RM'000	Restated
	RM'000	RM'000
<u>Profit/(Loss) Before Tax</u>		
Continuing operations	392	716
Discontinued operations	74	(258)
	<u>466</u>	<u>458</u>
<u>Adjustment For Non-cash Flow :</u>		
Non-cash Items	1,015	403
Non-operating Items	(340)	(259)
Operating Profit Before		
Changes In Working Capital	1,141	602
<u>Changes In Working Capital</u>		
Net Changes In Current Assets	(3,011)	(8,032)
Net Changes In Current Liabilities	374	1,938
Cash Flow From Operating Activities	<u>(1,496)</u>	<u>(5,492)</u>
Tax Paid	(28)	(108)
Interest paid	(249)	(115)
Net Cash Flow From Operating Activities	<u>(1,773)</u>	<u>(5,715)</u>
<u>Investing Activities</u>		
- Equity investment	686	19
- Other investment	173	263
<u>Financing Activities</u>		
- Bank borrowings	236	(476)
Net Changes In Cash & Cash Equivalent	<u>(678)</u>	<u>(5,909)</u>
Cash & Cash Equivalent At Beginning Of The Quarter	68,188	61,964
Cash & Cash Equivalent At End Of The Quarter (refer Note1)	<u>67,510</u>	<u>56,055</u>

(The Unaudited Condensed Consolidated Cash Flow Statement Should Be Read In Conjunction
With The Audited Financial Statements For The Year Ended 31 March 2008.)



NOTES TO UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER

1) Cash and cash equivalents at end of the financial year comprises of

	2008	2007
	3 Months Ended	3 Months Ended
	30 June	30 June
		Restated
	RM'000	RM'000
<u>Bank Overdraft</u>		
Continuing operation	(1,582)	(3,804)
Discontinued operation	(876)	-
<u>Cash & Bank and Short Term Deposit</u>		
Continuing operation	69,883	59,859
Discontinued operations	85	-
	<u>67,510</u>	<u>56,055</u>



Part A – Explanatory Notes Pursuant to Financial Reporting Standards (FRS) 134 Interim Financial Reporting

1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the financial year ended 31 March 2008.

The accounting policies and method of computation applied in the preparation of these quarterly financial statements are consistent with those used in the preparation of the Group's audited financial statements for the financial year ended 31 March 2008.

2 Accounting Policies

The significant accounting policies adopted by the Group for the interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 March 2008 except for the adoption of the following new or revised Financial Reporting Standards ("FRS") which are effective for the Group's financial statements for the financial year ending 31 March 2009.

New and revised FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations.

		For financial periods beginning on or after
Amendment to FRS 121	The effects of Changes in Foreign Exchange Rates – net investment in foreign operation	1 July 2007
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 119	Employee Benefits	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007



2 Accounting Policies (Cont'd)

New and revised FRSs, Amendments to FRSs and Issues Committee (“IC”) Interpretations (cont'd).

		For financial periods beginning on or after
FRS 126	Accounting and Reporting by Retirement Benefit Plans	1 July 2007
FRS 129	Financial Reporting in Hyperinflationary Economies	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provision, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2	Members’ Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8	Scope of FRS 2	1 July 2007
FRS 139	Financial Instruments : Recognition and Measurement	Yet to be Determined

The adoption of FRS 107, 111, 112, 118, 119, 134, 137 and amendment to FRS 121 will not have any significant financial impact on the results and the financial position of the Group and of the Company when these standards become effective.

IC Interpretation 1, 2, 5, 6, 7, 8 and FRS 120, 126 and 129 are not relevant to the Group's and of the Company's operations.



3 Auditors' Report on preceding Annual Financial Statements

The Auditors' Report on the preceding Annual Financial Statements for the year ended 31 March 2008 was not qualified.

4 Seasonal or cyclical factors

The Group's results for the current financial quarter and the financial year-to-date were not materially affected by any seasonal or cyclical factors.

5 Unusual items due to their nature, size or incidence

There are no unusual items affecting assets, liabilities, equity, net income, or cash flow during the reporting quarter as well as the financial year to-date.

6 Changes in estimates

There were no material changes in estimates of amounts reported in prior interim periods of the current financial period or in prior financial years that have a material effect in the current quarter.

7 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities.

8 Dividends paid

There were no dividends declared or paid during the quarter ended 30 June 2008 as well as financial year-to-date.



9 Segmental information

By business segments	Current quarter 3 months ended 30.06.2008		Cumulative quarters 3 months ended 30.06.2008	
	Turnover RM'000	Profit/ (Loss) before taxation RM'000	Turnover RM'000	Profit/ (Loss) before taxation RM'000
Continuing Operations				
Semiconductor related businesses	11,998	1,369	11,998	1,369
Industrial chemicals	-	(8)	-	(8)
Sticker and label printing	3,304	153	3,304	153
Investment holding	1,422	(1,122)	1,422	(1,122)
Elimination of inter-segment sales	(1,044)	-	(1,044)	-
	<u>15,680</u>	<u>392</u>	<u>15,680</u>	<u>392</u>
Discontinued Operations				
Semiconductor related businesses	627	(142)	627	(142)
Investment holding	-	(10)	-	(10)
Welding electrodes	3,367	226	3,367	226
	<u>19,674</u>	<u>466</u>	<u>19,674</u>	<u>466</u>

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 year ended 31 March 2008.

11 Subsequent events

Other than those disclosed in Note 23, there are no material subsequent events that took place after this current quarter.

12 Changes in composition of the Group

There were no changes in the composition of the Group since the last quarter announcement.

13 Changes in contingent liabilities and contingent assets

There were no material contingent liabilities or contingent assets during the reporting quarter as well as the financial year-to-date.



14 Capital commitments

There are no material capital commitments for the Company and the Group.

15 Significant related party transactions

	Current quarter 3 months ended 30.06.2008 RM'000	Cumulative quarter 3 months ended 30.06.2008 RM'000
1) Chase Perdana Berhad (CPB) (STB is a corporate shareholder in CPB)		
- Rental of office paid/payable	(43)	(43)
- Management fees received/receivable	196	196
2) Shinsho (Malaysia) Sdn Bhd (A corporate shareholder in a subsidiary company)		
- Sale of welding electrodes	24	24
3) Kobe Welding (Singapore) Pte Ltd (A corporate shareholder in a subsidiary company)		
- Sale of welding electrodes	259	259
- Purchase of raw materials	(535)	(535)
- Royalty and technical fees paid/payable	(24)	(24)
4) Goodweld Corporation (A corporate shareholder in a subsidiary company)		
- Purchase of raw materials	(138)	(138)

These transactions had been entered in the ordinary course of business and have been established on a “negotiation basis” between the parties.



Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

16 a) Review of results for the current quarter for the period ended 31 March 2009 and 31 March 2008.

For the three months ended 30 June 2008, the Group recorded a profit attributable to ordinary equity holders of RM 65,290 as compared to a profit of RM 17,378 reported in the preceding year's corresponding quarter. The variance is due loss incurred of RM 270,015 in 2007 for the discontinued operations.

The Group recorded revenue of RM15.7 million for the period of three months ended 30 June 2008. There was an increase in revenue of RM1.2 million or 8% as compared to the preceding year's corresponding quarter of RM14.4 million mainly due to higher revenue recorded in the semiconductor related segment for this quarter.

b) Review of the year to date results for the financial year ended 31 March 2009 and 2008.

As above as the 3 months period for the 1st quarter of 31 March 2009 is the same period as the year to date results.

17 Material changes in the profit before taxation compared with the immediate preceding quarter

The Group recorded a profit before taxation and minority interest of RM 466,255 in this quarter as compared to a loss of RM 25.5 million reported in the fourth quarter ended 31 March 2008. The significant loss reported in the fourth quarter ended 31 March 2008 is mainly due to impairment of goodwill totalling RM20.1 million.

18 Coming financial year prospects

The overall performance of the Group depends substantially on the performance of the Company's subsidiaries in China and Singapore which are involved in the semiconductor related industry as well as contributions from its recent property investment.

Barring any unforeseen circumstances and considering the current level of operations and market conditions, the Directors expect the Group to achieve operating profits in this coming financial year.



19 Variance of actual profit from forecast profit or profit guarantee

The Company did not provide any profit guarantee during this reporting quarter.

The Company received a profit guarantee in respect of the following transaction:

The Group acquired Pyramid Manufacturing Industries Pte. Ltd., CEM Machinery Pte. Ltd. and PMI Plating Services Pte. Ltd. from MISL & Associates Sdn. Bhd. (“Vendor”) on 3 June 2003. The Vendor guaranteed profits of not less than an aggregate profit after tax of RM69.3 million from the three companies for three financial years ended 31 March 2004, 31 March 2005 and 31 March 2006.

The Company and the Vendor had placed 34,127,700 Irredeemable Convertible Preference Shares (“ICPS”) as security with Messrs. Arulampalam & Co. as the Stakeholder. These ICPS were subsequently converted into 34,127,700 new ordinary shares of the Company on 13 April 2007.

The actual aggregate profit after tax up to 31 March 2006 registered by the three companies was RM21.5 million. The shortfall of RM47.8 million will be recovered from the sale of the 34,127,700 new ordinary shares and any shortfall will be subsequently recovered from the Vendor.

As at 31 December 2007, the Stakeholder had sold 360,000 ordinary shares in the open market at an average price of 50 sen per share. The remaining shares of 33,767,700 was sold by the Stakeholder by accepting the Conditional Voluntary Take-Over Offer from Empire Holdings Ltd. (the “Offeror”) at RM0.60 per share on 2nd April 2008. For the current quarter 3-month ended 30 June 2008, the gross proceeds of RM20,429,116 from the above disposal was reduced against the cost of investment resulting a consequential reduction to the goodwill to RM45,665,078 which form part of the intangible assets of RM45,865,203.

In accordance with the profit guarantee agreements, the Vendor is liable for the shortfall and the management will be taking the appropriate action to recover the shortfall.

20 Taxation

	Current quarter 3 months ended 30.06.2008 RM'000	Cumulative quarter 3 months ended 30.06.2008 RM'000
Malaysian taxation	(40)	(40)
Overseas taxation	<u>(218)</u>	<u>(218)</u>
	<u>(258)</u>	<u>(258)</u>

The Group’s effective tax rates for the current and cumulative quarter ended 30 June 2009 is higher than the statutory tax rates due to tax liability arising from a Singapore profitable subsidiary company cannot be set off against other subsidiary companies’ losses incurred for this period.



21 Sales of unquoted investments and/or properties

There was no material disposal for unquoted investments and no disposal of properties during the reporting quarter as well as the financial year-to-date.

22 Quoted securities

- a) There were sales of quoted shares totalling RM673,940 resulting a gain of disposal RM267,493 during the reporting quarter. This disposal comprises mainly of sale of 1.0856 million Chase Perdana Berhad ordinary shares for a cash consideration of RM651,360 at RM0.60 per share. This is after the Company accepted the conditional voluntary take over offer from Empire Holdings Ltd to acquire all the ordinary shares of Chase Perdana Berhad on 2nd April 2008.
- b) The value of the securities as at 30 June 2008 are as follows:

	RM'000
Investment in quoted securities	
At cost	59
At carrying value	59
At market value	<u>85</u>

23 Status of corporate proposals

(A) The status of the utilisation of RM70 million proceeds from the disposal of an associated company, Air Products STB Sdn Bhd (“APSTB”) is as follows:

	Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe For Utilisation	To Be Utilised		Explanation
		RM Million	RM Million		RM Million	%	
(i)	New business opportunities	(1) 36.9	-	Up to 3 years	36.9	100	Refer note (1)
(ii)	Expansion of existing business	20.0	2.7	Up to 2 years	(2) 17.3	86	In progress
(iii)	Repayment of bank borrowings	7.8	(3) 7.8	Completed	(3) -	-	Utilised
(iv)	Working capital	5.0	5.0	Completed	-	-	Utilised
(v)	Estimated expenses	0.3	0.3	Completed	-	-	Utilised
		70.0	15.8		54.2	77	



23 Status of corporate proposals (Cont'd)

(A) The status of the utilisation of RM70 million proceeds from the disposal of an associated company, Air Products STB Sdn Bhd (“APSTB”) is as follows(cont'd):

Explanatory notes:

(i) New business opportunities

On 25 October 2007, the Company entered into a conditional Sale and Purchase Agreement (SPA) for the acquisition of the 4th, 5th and 6th floors being the three (3) floors of strata titled office space together with 117 car park bays in Wisma Chase Perdana (Office Lots) on an “as is where is basis” from Chase Perdana Berhad (CPB) for a cash consideration of RM37.8 million. The Company intends to utilise the proceeds of RM36.9 million for this proposed acquisition.

The Company made a payment of RM 3 million to CPB as deposit for the purpose of the above acquisition. On 11 February 2008, the Securities Commission (“SC”) approved the utilisation of RM36.9 million earmarked for new business opportunities, for the acquisition of the Office Lots. SC also approved the above proposed acquisition pursuant to the FIC’s guidelines on the acquisition of properties by local and foreign interests.

Shareholders’ approvals were obtained for the acquisition of the Office Lots at the extraordinary general meetings which was held on 10 June 2008. All of the conditions precedent contained in the SPA have been fulfilled and accordingly become unconditional.

The remaining balance purchase price of RM34.8 million was paid in 21st July and 6th August 2008. The strata titles of the 3 floors are now pending transfer to the Company. The acquisition is now pending completion.

(ii) Expansion in the semiconductor related business in Singapore and China subsidiaries.

Included in the RM17.3 million funds to be utilised for the purpose of expansion of existing business, the Company has placed RM9.7 million into Fixed Deposit (“FD”) through its subsidiaries pledged as collateral with a bank for the purposes of securing financing.

(iii) The bank borrowings have been fully settled.

The details of the utilisation and outstanding bank borrowings are as follows:

No.	Bank borrowings	Estimated amount as per SC letter dated 17 October 2006 <u>RM’ Million</u>	Balance outstanding after receipt of proceeds of RM70 million in Jan 2007 <u>RM’ Million</u>	Actual payment made <u>RM’ Million</u>
1.	Bank overdraft	2.6	2.0	2.0
2.	Term loan	1.0	-	-
3.	Revolving credit	4.0	3.8	3.8
4.	Bankers acceptance	0.2	-	-
	Total	7.8	5.8	5.8

The excess of RM 2 million was transferred and utilised as working capital.



23 Status of corporate proposals (Cont'd)

(B) On 27 December 2007, the Company entered into a Conditional Sale and Purchase Agreement ("SPA") for the sale of a 75% equity interest in Pyramid Manufacturing Industries Pte Ltd (Pyramid), a wholly owned subsidiary of the Company, China Food Industries Limited (now known as Iconic Global Limited) (IGL) a 75% owned subsidiary, for a total consideration of SGD 18.75 million to be fully satisfied by the allotment and issue of 1,171,875,000 new IGL shares credited as fully paid. (the Acquisition)

IGL has prepared and submitted a draft circular to shareholders, additional listing application and other relevant documents in connection with the Acquisition to the Singapore Exchange Securities Trading Limited ("SGX-ST") for approval.

IGL had earlier received a letter from SGX-ST to complete the Acquisition above by 30 September 2008 at the latest in order to be continued listing on the exchange.

Approval from shareholders of the Company had been obtained for the proposed disposal at the extraordinary general meeting held on 25 August 2008.

The proposed sale is pending approvals being obtained from the following authorities and parties:-

- (i) SGX-ST in respect of the transactions contemplated in the SPA being granted or obtained and the requirements under the SGX-ST Listing Manual being fulfilled, and such fulfillment and approval being in full force and effect and not having been withdrawn, suspended, amended or revoked; and
- (ii) Shareholders of IGL at an extraordinary general meeting to be held at a later date.

(C) The Company had on 25 February 2008 received a Notice of Conditional Voluntary Take-Over Offer from Empire Holdings Ltd. (the "Offeror") to acquire:-

- (i) all the 228,718,126 ordinary shares of RM1.00 each in Sitt Tatt Berhad ("STB") and all the new Shares that may be allotted and issued pursuant to the exercise of outstanding Irredeemable Convertible Preference Shares ("ICPS") prior to the close of the Offer ("Offer Shares) for a cash consideration of RM0.60 per Share; and
- (ii) all the outstanding 10,300 ICPS in STB ("Offer ICPS") for a cash consideration of RM0.60 per Offer ICPS.

The Take-Over Offer became unconditional on 2 April 2008 after STB had received valid acceptances under the Offer resulting in the Offeror holding 54.25% of the voting shares of STB and the Offer was subsequently closed on 16 April 2008 (the "Closing Date").

At the Closing Date, the Offeror had received valid acceptances resulting in the Offeror holding 82.76% of the voting shares of STB. The Company is now in non-compliance with the Public Shareholding Spread requirement pursuant to paragraph 8.15(1) of the listing requirements of Bursa Securities ("public shareholding spread") as less than 25% of its total listed shares are in the hands of public shareholders.



23 Status of corporate proposals (Cont'd)

(C) (Cont'd).

Bursa Malaysia Securities Berhad (“Bursa Securities”) had vide its letter dated 4 August 2008 granted approval for an extension of time of approximately two months up to 15 September 2008 to comply with the Public Shareholding Spread.

At this juncture, the Offeror had successfully placed out a total of 15.150 million existing shares of the Company and is in active negotiations to place out a further 2.85 million existing shares of the Company in order to meet the required Public Shareholding Spread.

- (D)** The Company announced on 25 April 2008 that Arcline Sdn Bhd, a 70% owned subsidiary of STB, had entered into a Sale and Purchase Agreement (“SPA”) to dispose of 1,538,400 Ordinary Shares of RM1.00 each representing its entire 76.92% equity interest held in ST Kobe Welding (Malaysia) Sdn Bhd (“proposed disposal”), for a total cash consideration of RM3.0 million in the following manner:-

- (i) Disposal of 240,000 Ordinary Shares of RM1.00 each in ST Kobe To Shinsho (Malaysia) Sdn Bhd for a Cash Consideration of RM468,018.72
- (ii) Disposal of 1,298,400 Ordinary Shares of RM1.00 each in ST Kobe To Kobe Welding (Singapore) Pte Ltd for a Cash Consideration of RM2,531,981.28

The Proposed Disposal has been duly completed on 24 July 2008.

For the 1st quarter period ended 30 June 2008, the assets and liabilities of ST Kobe have been stated in the consolidated balance sheet as assets and liabilities of subsidiary classified as held for sale. The results of the subsidiary is stated separately in the consolidated income statement as discontinued operations.

- (E)** The Company announced on 12 May 2008 that PMI Plating Services Ltd (“PMI”), a wholly-owned subsidiary of STB, had entered into a Option To Purchase Agreement (“Option Agreement”) with Ang Cheng Guan Construction Pte Ltd (“the Purchaser”) to dispose of the leasehold property identified as 10 Kian Teck Crescent, Singapore 628876 for a cash consideration of SGD3,750,000 (Singapore Dollars – Three Million Seven Hundred And Fifty Thousand Only).

Details of the proposed disposal:

The factory building was erected on a piece of industrial land that was leased from Jurong Town Corporation (“JTC”) on 1 June 1993. The term of the lease is for a period of 30 years from 1 June 1993 and a further term of 19 years from 1 June 2023. The factory building was constructed around 1 July 1995.

As at 30 June 2008, the net book value of the leasehold property totalling RM5.5 million (Singapore Dollars – 2.1 Million) is classified as assets held for sale.

The Sale and Purchase Agreement was executed for the proposed disposal and was completed on 25 July 2008.



23 Status of corporate proposals (Cont'd)

- (F) The Company announced that STB Technologies Pte Ltd (“STB Tech”), a wholly owned subsidiary of the Company, had entered into a Memorandum of Understanding (“MOU”) with Crestino International Limited (“Crestino”) on 9 May 2008 to participate in the business of constructing and operating palm oil mills in Indonesia by investing RM20.0 million (the “Said Sum”) in the Project.

The salient terms and conditions of the MOU are as follows:-

1. In consideration of STB Tech depositing the Said Sum with Messrs. Shook Lin & Bok, Advocates & Solicitors (the “Said Solicitors”), Crestino has granted STB Tech an option (“Option”) to participate in the business of constructing and operating palm oil mills in Indonesia (the “Business”).
2. The Option shall be valid for a period of six (6) months from date of the MOU, or such longer period as may be agreed by the Parties (“Option Period”), provided that STB Tech may at its discretion and at any time during the Option Period declare by notice in writing to Crestino that the negotiations between the Parties have broken down, whereupon the MOU shall cease and determine. Crestino shall immediately procure and ensure the refund of the Said Sum to STB Tech.

24 Group borrowings and debt securities

	As at 30.06.2008 RM'000
Short term borrowings:	
Secured	15,256
Unsecured	1,519
	<u>16,775</u>
Long term borrowings:	
Secured	2,410
Unsecured	-
	<u>2,410</u>
Total	<u>19,185</u>

Included in the above, there are borrowings denominated in Singapore Dollars, equivalent to approximately RM12.97 million.

25 Off-balance sheet financial instruments

There are no financial instruments with off-balance sheet risk issued by the Group as at the date of this report.



26 Material litigation

As at the date of reporting, the following is the status of material litigation of the Group.

(A) (i) ** **SIAC Arbitration No. 064 of 2006 (ARB064/06)**
Sitt Tatt Berhad (“STB”) v Prime International Consultancy Pty. Ltd

STB had on 31 August 2006 commenced arbitration proceedings in Singapore against Prime International Consultancy Pty. Ltd. (“Prime” or “Respondent”), a company incorporated in Australia for breach of the Tripartite Joint Venture Agreement and the Joint Venture Agreement (“Agreements”) entered between STB, Prime and PT Kutai Timur Resources on 27 July 2005 and 24 August 2005 respectively to survey, study, mine, manage, revive, develop, explore, exploit and produce oil and gas from wells in certain areas in Indonesia (“the Project”).

STB is seeking the return of the sum of USD1 million which was paid to the Respondent as an advance to secure the Project.

Current Status: Arbitration dates fixed from 3 March 2008 to 13 March 2008 have been postponed pending the outcome of the civil suit in the case below : STB v Goh Tai Hock

(A) (ii) ** **High Court of Singapore (“Court”) Suit No. 560 of 2006/ B**
Sitt Tatt Berhad (“STB”) v Goh Tai Hock

STB had instituted legal proceedings against Goh Tai Hock, the Chief Executive Officer of Prime ("the Defendant") on 31 August 2006. STB is claiming the return of the sum of USD1 million.

Current Status: The Company is now awaiting the decision from the High Court.

* * Both the above cases are inter related.

(B) **KL High Court Suit No. D1-22-347-2007**
Sitt Tatt Berhad (“STB”) v Melati Usaha Sdn Bhd (“Melati”)

STB has commenced legal action against Melati, a company incorporated in Malaysia for breach of contract by Melati under a Sale Shares Agreement dated 30 April 1997.

STB is seeking, the following claims from Melati:-

1. Judgment for the total amount of RM5,808,650;
2. Interest on RM5,808,650 at the rate of 8 percent per annum with effect from 19 April 2001 until the date of full payment;
3. Costs; and
4. Such further relief as the Court may deem fit and just to be granted.

Current Status: Pending filing STB’s application for summary judgment.

27 Dividend

The Board of Directors does not recommend payment of any dividend for the reporting quarter.



28 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of shares in issue during the period.

	Current quarter 3 months ended 30.06.2008 (RM'000)	Cumulative quarter 3 months ended 30.06.2008 (RM'000)
Profit from continuing operations	134	134
Minority interest	<u>(32)</u>	<u>(32)</u>
Profit from continuing operations attributable to ordinary equity holders of the parent	<u>102</u>	<u>102</u>
Profit from discontinued operations	64	64
Minority interest	<u>(100)</u>	<u>(100)</u>
Loss from discontinued operations attributable to ordinary equity holders of the parent	<u>(36)</u>	<u>(36)</u>
Profit attributable to ordinary equity holders of the parent	66	66
Weighted average number of ordinary shares in issue ('000)	228,721	228,721
Basic profit/(loss) per share (sen)		
- Continuing	0.04	0.04
- Discontinued	<u>(0.01)</u>	<u>(0.01)</u>
	<u>0.03</u>	<u>0.03</u>

Diluted

There were no computation for diluted earnings per share as the potential ordinary shares Irredeemable Convertible Preference Shares were fully converted into ordinary shares during this period.

29 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 25 August 2008.