



UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2008

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER ENDED 30.09.2008 UNAUDITED	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30.09.2007 UNAUDITED Restated	CURRENT YEAR TO DATE 30.09.2008 UNAUDITED	PRECEDING YEAR TO DATE 30.09.2007 UNAUDITED Restated
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	15,762	14,417	31,442	28,858
Operating Expenses	(16,279)	(14,310)	(31,717)	(28,520)
Other income	1,053	524	1,364	1,063
Profit From Operations	536	631	1,089	1,401
Finance Cost	(172)	(58)	(333)	(112)
Profit before taxation	364	573	756	1,289
Taxation	(284)	(447)	(542)	(817)
Profit for the period from continuing operations before M.I.	80	126	214	472
Minority Interest (M.I.)	(302)	(67)	(334)	(131)
(Loss)/Profit for the period from continuing operations after M.I.	(222)	59	(120)	341
Discontinued operations				
Profit/(Loss) for the period from discontinued operations before M.I.	3,087	53	3,151	(217)
Minority Interest (M.I.) refer note (*)	(49)	2	(149)	7
Profit/(Loss) for the period from discontinued operations after M.I.	3,038	55	3,002	(210)
Profit attributable to ordinary equity holders of the parent	2,816	114	2,882	131
Minority Interest (M.I.)	351	65	483	124
Net Profit For The Period	3,167	179	3,365	255
Earnings per ordinary Share	(sen)	(sen)	(sen)	(sen)
Basic				
- Continuing operations	(0.10)	0.03	(0.05)	0.15
- Discontinued operations	1.33	0.02	1.31	(0.09)
	1.23	0.05	1.26	0.06



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	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER ENDED 30.09.2008 UNAUDITED	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30.09.2007 UNAUDITED	CURRENT YEAR TO DATE 30.09.2008 UNAUDITED	PRECEDING YEAR TO DATE 30.09.2007 UNAUDITED
Earnings per ordinary Share	(sen)	Restated (sen)	(sen)	Restated (sen)
Diluted				
- Continuing operations	-	0.03	-	0.15
- Discontinued operations	-	0.02	-	(0.09)
	-	0.05	-	0.06

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.

Note *

	RM'000	RM'000	RM'000	RM'000
<u>Results for discontinued operations</u>				
- Profit making subsidiary company	3,114	56	3,188	-
- Loss making subsidiary company	(27)	(3)	(37)	(217)
	3,087	53	3,151	(217)
<u>MI portion of results for discontinued operations</u>				
- Profit making subsidiary company	(49)	-	(149)	-
- Loss making subsidiary company	-	2	-	7
	(49)	2	(149)	7

(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 September 2008 (UNAUDITED) RM'000	31 March 2008 (AUDITED) RM'000
ASSETS			
<u>Non-current Assets</u>			
Property, Plant and Equipment		19,385	19,168
Investment Property		39,114	-
Intangible Assets		45,860	66,294
Other Investments		370	818
Fixed Deposit		863	842
Deferred Tax Assets		5	5
		<u>105,597</u>	<u>87,127</u>
<u>Current Assets</u>			
Inventories		5,153	7,288
Trade Receivables		17,550	15,028
Tax Recoverable		222	255
Other Receivables, Deposit and Prepayments		26,415	6,079
Cash & Cash Equivalent		44,005	69,859
		<u>93,345</u>	<u>98,509</u>
Assets Held For Sale		481	5,419
Assets of subsidiary classified as held for sale		-	9,542
		<u>93,826</u>	<u>113,470</u>
TOTAL ASSETS		<u>199,423</u>	<u>200,597</u>
EQUITY AND LIABILITIES			
<u>Equity Attributable To Equity Holders Of The Company</u>			
Share Capital :			
- Ordinary Shares		228,728	228,718
- Irredeemable Convertible Preference Shares		-	10
Reserves		(63,873)	(68,715)
		<u>164,855</u>	<u>160,013</u>
Minority Interest		4,895	5,841
Total Equity		<u>169,750</u>	<u>165,854</u>
<u>Non-current Liabilities</u>			
Borrowings		2,223	2,575
Other Deferred Liabilities		253	251
		<u>2,476</u>	<u>2,826</u>
<u>Current Liabilities</u>			
Trade Payables		7,448	6,679
Other Payables and Accruals		6,064	6,385
Bank Overdraft		2,221	875
Other Short Term Borrowings		10,152	11,153
Taxation		1,312	771
		<u>27,197</u>	<u>25,863</u>
Liability of subsidiary classified as held for sale		-	6,054
		<u>27,197</u>	<u>31,917</u>
Total Liabilities		<u>29,673</u>	<u>34,743</u>
TOTAL EQUITY AND LIABILITIES		<u>199,423</u>	<u>200,597</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM)			
		0.72	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).



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR
THE SECOND QUARTER ENDED 30 SEPTEMBER 2008**

	← Equity Attributable to Equity Holders Of The Parent →								
	← Share Capital →		← Non Distributable Reserves →						
	Ordinary Shares	Irredeemable Convertible Preference Shares	Share Premium	Capital Reserve	Foreign Exchange Reserve	Accum- ulated Loss	TOTAL	Minority Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 Months Ended 30 September 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	-	-	-	-	2,290	-	2,290	-	2,290
(c) Absorption of minority interest share of subsidiary negative net assets	-	-	-	-	-	(165)	(165)	165	-
(d) Reversal due to disposal of the subsidiary	-	-	-	(681)	-	516	(165)	(1,594)	(1,759)
(e) Profit for the period	-	-	-	-	-	2,882	2,882	483	3,365
At 30 September 2008	<u>228,728</u>	<u>-</u>	<u>52,050</u>	<u>1,138</u>	<u>(3,998)</u>	<u>(113,063)</u>	<u>164,855</u>	<u>4,895</u>	<u>169,750</u>
6 Months Ended 30 September 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	-	-	-	-	162	-	162	-	162
(c) Profit for the period	-	-	-	-	-	131	131	124	255
At 30 September 2007	<u>228,718</u>	<u>10</u>	<u>52,050</u>	<u>994</u>	<u>1,669</u>	<u>(97,116)</u>	<u>186,325</u>	<u>5,591</u>	<u>191,916</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 FOR THE SECOND QUARTER
ENDED 30 SEPTEMBER 2008**

	2008	2007
	6 Months Ended	6 Months Ended
	30 September	30 September
	RM'000	Restated
	RM'000	RM'000
Profit/(Loss) Before Tax		
- Continuing operations	756	1,289
- Discontinued operations	3,655	(194)
	<u>4,411</u>	<u>1,095</u>
<u>Adjustment For Non-cash Flow :</u>		
Non-cash Items	886	1,321
Non-operating Items	(3,654)	(691)
	<u>1,643</u>	<u>1,725</u>
Operating Profit Before Changes In Working Capital	1,643	1,725
<u>Changes In Working Capital</u>		
Net Changes In Current Assets	(458)	(5,556)
Net Changes In Current Liabilities	5,717	1,300
	<u>6,902</u>	<u>(2,531)</u>
Cash Flow From Operating Activities	6,902	(2,531)
Tax Paid	(524)	(743)
Interest paid	(458)	(228)
	<u>5,920</u>	<u>(3,502)</u>
Net Cash Flow From Operating Activities	5,920	(3,502)
<u>Investing Activities</u>		
- Equity investment	686	19
- Other investment	(30,343)	336
- Net cash inflow from disposal of subsidiary company (refer Note 1)	1,523	-
<u>Financing Activities</u>		
- Bank borrowings	(4,190)	(778)
	<u>(26,404)</u>	<u>(3,925)</u>
Net Changes In Cash & Cash Equivalent	(26,404)	(3,925)
Cash & Cash Equivalent At Beginning Of The Quarter	68,188	61,964
	<u>41,784</u>	<u>58,039</u>
Cash & Cash Equivalent At End Of The Quarter (refer Note2)	<u>41,784</u>	<u>58,039</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) Net cash inflow from disposal of subsidiary company

	2008	2007
	6 Months Ended	6 Months Ended
	30 September	30 September
		Restated
	RM'000	RM'000
Total Assets	12,054	-
Total Liabilities	(8,242)	-
Net Assets	3,812	-
Share of net assets disposed	2,053	-
Gain on disposal of subsidiary company	947	-
Proceeds from disposal of subsidiary company	3,000	-
Less : Cash and cash equivalents disposed	(1,477)	-
Net cash inflow from disposal of subsidiary company	1,523	-

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

	2008	2007
	6 Months Ended	6 Months Ended
	30 September	30 September
		Restated
	RM'000	RM'000
<u>Bank Overdraft</u>		
- Continuing operations	(2,221)	(1,715)
- Discontinued operations	-	(569)
<u>Cash & Bank and Short Term Deposit</u>		
- Continuing operations	44,005	60,152
- Discontinued operations	-	171
	41,784	58,039



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

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.

IC Interpretation 1, 2, 5, 6, 7, 8 and FRS 120, 126 and 129 are not relevant to the Group's and 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 September 2008 as well as financial year-to-date.

9 Significant events

For the financial quarter ended 30 September 2008, the Company completed the acquisition of the Office Lots being the 4th, 5th and 6th floors of strata titled office space together with 117 car park bays in Wisma Chase Perdana for a cash consideration of RM37.8 million. The purchase price was fully paid in August 2008. For further details refer to Note 24(A) (i).



10 Segmental information

By business segments	Current quarter 3 months ended 30.09.2008		Cumulative quarters 6 months ended 30.09.2008	
	Turnover	Profit/ (Loss) before taxation	Turnover	Profit/ (Loss) before taxation
Continuing Operations	RM'000	RM'000	RM'000	RM'000
Semiconductor related businesses	11,292	730	23,290	2,099
Industrial chemicals	18	18	18	10
Sticker and label printing	3,569	99	6,873	252
Investment Property	593	527	593	527
Investment holding	1,192	(1,010)	2,614	(2,132)
Elimination of inter-segment sales	(902)	-	(1,946)	-
	15,762	364	31,442	756
Discontinued Operations				
Semiconductor related businesses	6	3,496	633	3,354
Investment holding	-	(27)	-	(37)
Welding electrodes	1,227	112	4,594	338
	16,402	3,945	36,076	4,411

11 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.

12 Subsequent events

Other than those disclosed in Note 24, there are no material subsequent events that took place after this current quarter.

13 Changes in composition of the Group

Apart from the disposal of ST Kobe Welding (Malaysia) Sdn Bhd (an effective 53.8 % owned subsidiary), there are no changes to the composition of the Group since the last quarter announcement.



14 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.

15 Capital commitments

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

16 Significant related party transactions

	Current quarter 3 months ended 30.09.2008 RM'000	Cumulative quarter 6 months ended 30.09.2008 RM'000
1) Chase Perdana Sdn Bhd (CPSB) (STB and CPSB have a common holding company)		
- Rental of office paid/payable	(43)	(86)
- Management fees received/receivable	160	356
2) Shinsho (Malaysia) Sdn Bhd (A corporate shareholder in a subsidiary company)		
- Sale of welding electrodes	-	24
3) Kobe Welding (Singapore) Pte Ltd (A corporate shareholder in a subsidiary company)		
- Sale of welding electrodes	91	350
- Purchase of raw materials	(399)	(934)
- Royalty and technical fees paid/payable	(9)	(33)
4) Goodweld Corporation (A corporate shareholder in a subsidiary company)		
- Purchase of raw materials	-	(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

17 a) Review of results for the current quarter for the period ended 30 September 2008

For the three months ended 30 September 2008, the Group recorded a profit attributable to ordinary equity holders of RM 2.816 million as compared to a profit of RM 0.114 million reported in the preceding year's corresponding quarter. The increase in the Group's result is mainly due to the gain on disposal of assets held for sale in the discontinued operations totalling RM 3.62 million.

The Group recorded revenue of RM 15.169 million for the period of three months ended 30 September 2008. The increase in the revenue of RM 0.752 million or 5% as compared to the preceding year's corresponding quarter of RM 14.417 million is mainly due to higher revenue recorded in the semiconductor related segment and the commencement of rental income from the newly acquired 3 floors of office lots in the investment property segment during this quarter.

b) Review of the year to date results for the financial period ended 30 September 2008

For the six months ended 30 September 2008, the Group recorded a profit attributable to ordinary equity holders of RM 2.882 million as compared to a profit of RM 0.131 million reported in the preceding year's corresponding six months period. The increase in the Group's result for the six months period is mainly attributed to the same reasons in note 17 (a) above.

The Group recorded revenue of RM 30.849 million for the period of six months ended 30 September 2008. There was an increase in revenue of RM 1.991 million or 7% as compared to the preceding year's corresponding six months period of RM 28.858 million is mainly due to the same reasons in note 17 (a) above.

18 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 3.945 million for continuing operations and discontinued operations in this quarter as compared to a profit of RM 0.466 million reported in the first quarter ended 31 March 2008. The increase is mainly due to the gain on disposal of assets held for sale in the discontinued operations totalling RM 3.62 million.



19 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 do not expect any material impact on the Group's operating results in this coming financial year.

20 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 acquisition of 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 has computed a shortfall of RM47.8 million of the profit guarantee and recovered RM20.3 million from the vendor for the current period ended 30 September 2008. The Vendor is liable for the remaining balance of RM27.5 million and the management is currently looking into the appropriate action to recover the shortfall.

21 Taxation

	Current quarter 3 months ended 30.09.2008 RM'000	Cumulative quarter 6 months ended 30.09.2008 RM'000
Malaysian taxation	(26)	(66)
Overseas taxation	<u>(258)</u>	<u>(476)</u>
	<u>(284)</u>	<u>(542)</u>

The Group's effective tax rates for the current and cumulative quarter ended 30 September 2008 is higher than the statutory tax rates due to tax liability arising from profitable subsidiary companies which cannot be set off against other subsidiary companies' losses incurred for these periods.



22 Sales of unquoted investments and/or properties

There are no disposals of unquoted investments during the reporting quarter as well as the financial year-to-date.

During this reporting quarter, the Group disposed of one of its subsidiary company's leasehold building for RM 8.719 million resulting in a gain on disposal of RM3.62 million.

23 Quoted securities

- a) There were no sales of any quoted shares during the reporting quarter.
- b) The value of the securities as at 30 September 2008 are as follows:

	RM'000
Investment in quoted securities	
At cost	59
At carrying value	59
At market value	63

24 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	36.9	36.9 ⁽¹⁾	Completed	-	-	Utilised
(ii)	Expansion of existing business	20.0	2.7	Up to 2 years	17.3 ⁽²⁾	86	In progress
(iii)	Repayment of bank borrowings	7.8	7.8	Completed	-	-	Utilised
(iv)	Working capital	5.0	5.0	Completed	-	-	Utilised
(v)	Estimated expenses	0.3	0.3	Completed	-	-	Utilised
		70.0	52.7		17.3	25	



24 Status of corporate proposals (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.

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. The purchase price of RM37.8 million was fully paid in 6th August 2008. The Company took possession of the 3 floors in August 2008 and the strata titles of the 3 floors are now pending transfer to the Company. The proceeds for new business opportunities are deemed fully utilized.

(ii) Expansion of existing business 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 Deposits with a bank and pledged as collateral for the purposes of securing credit facilities.

(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 to 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 Disposal)

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

SGX-ST had vide its letter dated 16 September 2008 stated that they were unable to approve the acquisition by IGL. The Company made an appeal to SGX-ST to submit a fresh proposal but on 30 September 2008, SGX-ST declined the appeal made by the Company. The Company is now reviewing the Disposal.



24 Status of corporate proposals (Cont'd)

(C) Pursuant to the Conditional Voluntary Take-Over Offer by Empire Holdings Ltd (“EHL”) during the year, the Company has yet to comply with the public shareholding spread requirement of 25% pursuant to paragraph 8.15 (1) of the Listing Requirements of Bursa Securities. Bursa Malaysia Securities Berhad (“Bursa”) has granted approval up to 15 November 2008 to comply with the Public Shareholding Spread.

At this juncture, EHL has successfully placed out a total of 16.35 million existing shares of the Company resulting in an increase in the public shareholding spread to 24.39%. The Company has in the meantime made an application to Bursa to allow the public shareholding spread to be at 24.39%

(D) 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 parties are in negotiations on the terms of funding for the project.

(E) The Company announced on 7th October 2008, STB Technologies Pte Ltd, a wholly owned subsidiary of the Company, had entered into an agreement with Dr. Mohamad N. Alamuddin for the subscription of 500,000 new ordinary shares in Zeal International Holdings Limited (“ZEAL”) representing 50% equity interest in ZEAL for a total consideration of USD500,000 (equivalent to approximately RM1.74 million). Dr. Mohamad N. Allamuddin will also be issued 500,000 new ordinary shares of ZEAL for transferring all his rights, interests and benefits for the use of his “Health Invest” programme for management of patient care and hospitals globally to ZEAL.

25 Group borrowings and debt securities

	As at 30.09.2008 RM'000
Short term borrowings:	
Secured	11,793
Unsecured	580
	<u>12,373</u>
Long term borrowings:	
Secured	2,223
Unsecured	-
	<u>2,223</u>
Total	<u><u>14,596</u></u>

Included in the above are borrowings denominated in Singapore Dollars, equivalent to approximately RM11.57 million.



26 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.

27 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.



27 Material litigation (Cont'd)

(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: STB’s application for summary judgment had been filed. Awaiting hearing date.

28 Dividend

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

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29 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 30.09.2008 (RM'000)	Cumulative quarter 6 months ended 30.09.2008 (RM'000)
Profit from continuing operations	80	214
Minority interest	<u>(302)</u>	<u>(334)</u>
(Loss) from continuing operations attributable to ordinary equity holders of the parent	<u>(222)</u>	<u>(120)</u>
Profit from discontinued operations	3,087	3,151
Minority interest	<u>(49)</u>	<u>(149)</u>
Loss from discontinued operations attributable to ordinary equity holders of the parent	<u>3,038</u>	<u>3,002</u>
Profit attributable to ordinary equity holders of the parent	2,816	2,882
Weighted average number of ordinary shares in issue ('000)	228,725	228,725
Basic profit/(loss) per share (sen)		
- Continuing	(0.10)	(0.05)
- Discontinued	<u>1.33</u>	<u>1.31</u>
	<u>1.23</u>	<u>1.26</u>

Diluted

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

30 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 6 November 2008.