

NAM FATT CORPORATION BERHAD
(Company No. 44548-H)
(Incorporated In Malaysia)

Unaudited Interim Financial Report
Fourth Quarter – 31 December 2009

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NAM FATT CORPORATION BERHAD
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

	Individual Quarter		Cumulative Quarters	
	Current year quarter	Preceding year corresponding quarter	Current year-to- date	Preceding year corresponding period
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Revenue	24,785	140,394	162,635	582,328
Other operating income	1,799	4,864	6,537	9,894
Gain on disposal of subsidiary company	-	545	-	545
Expenses excluding finance cost and tax	(159,196)	(158,207)	(332,462)	(583,064)
(Loss) / Profit from operations	(132,612)	(12,404)	(163,290)	9,703
Finance costs	(9,500)	(6,949)	(24,750)	(18,731)
Income from other investments	378	812	2,200	2,626
(Loss) / Profit before tax	(141,734)	(18,541)	(185,840)	(6,402)
Income tax (expense) / credit	(2,646)	(5,022)	258	(7,686)
(Loss) / Profit for the period	(144,380)	(23,563)	(185,582)	(14,088)
Attributable to:				
Equity holders of the parent	(144,377)	(23,406)	(184,987)	(14,060)
Minority interest	(3)	(157)	(595)	(28)
(Loss) / Profit for the period	(144,380)	(23,563)	(185,582)	(14,088)
(Loss) / Earnings per share:				
Basic (loss) / earnings per share (sen)	(38.04)	(6.75)	(48.74)	(4.05)

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2008.

NAM FATT CORPORATION BERHAD
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 31 DECEMBER 2009

	Unaudited As at end of current quarter	Audited As at preceding financial year end
	31.12.09 RM'000	31.12.08 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	103,979	110,388
Prepaid land lease payments	52,428	53,109
Land held for development	191,845	188,774
Other investments	93	93
Deferred tax assets	2,930	2,994
Deferred expenditure	4,172	-
	355,447	355,358
Current assets		
Inventories	21,590	27,587
Amount due from contract customers	637,290	704,014
Property development expenditure	195,215	208,368
Trade receivables	136,828	131,176
Accrued billings	14,972	5,693
Other receivables, deposits and prepayments	68,756	95,801
Amount due by associated companies	10	10
Tax recoverable	12,798	16,934
Deposits with financial institutions	83,888	81,051
Cash and bank balances	10,968	43,776
	1,182,315	1,314,410
Total assets	1,537,762	1,669,768
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the parent:		
Share capital	319,589	316,187
Share premium	329,213	329,213
Irredeemable convertible unsecured loan stocks	52,106	55,508
Other reserves	(4,206)	(502)
Accumulated loss	(295,124)	(109,262)
	401,578	591,144
Minority interest	15,444	16,293
Total equity	417,022	607,437
Non-current liabilities		
Long term borrowings	157,219	205,275
Lease and hire-purchase creditors	1,417	2,589
Deferred tax liabilities	1,059	1,922
	159,695	209,786
Current liabilities		
Amount due to contract customers	17,493	21,005
Trade payables	318,248	329,582
Progress billings	29,813	22,180
Other payables, accrued expenses and provisions	213,197	155,385
Lease and hire-purchase creditors	1,288	1,732
Amount due to associated companies	969	1,010
Short term borrowings	356,345	294,414
Bank overdrafts	18,592	17,788
Tax liabilities	5,100	9,449
	961,045	852,545
Total liabilities	1,120,740	1,062,331
Total equity and liabilities	1,537,762	1,669,768
Net assets per share (RM)	1.26	1.87
Diluted net assets per share (RM)	1.08	1.59

The diluted net assets per share is calculated based on the enlarged share capital assuming full conversion of ICULS-A and ICULS-B at the most favourable terms to the ICULS holders.

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2008.

NAM FATT CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009
(UNAUDITED)

Twelve months ended 31 December 2009

In RM'000	Attributable to equity holders of the parent					Minority interest	Total Equity
	Issued capital	Irredeemable convertible unsecured loan stocks	Share premium	Currency fluctuation	Other reserve		
Balance as at 01.01.2009	316,187	55,508	329,213	(503)	-	16,293	607,436
Conversion of ICULS-A into ordinary shares	3,402	(3,402)	-	-	-	-	-
Exchange realignment	-	-	-	(3,703)	-	(254)	(3,957)
Net loss for the year	-	-	-	-	(184,987)	(595)	(185,582)
ICULS-A interest charged against reserves	-	-	-	-	(875)	-	(875)
Balance as at 31.12.2009	319,589	52,106	329,213	(4,206)	(295,124)	15,444	417,022

Twelve months ended 31 December 2008

In RM'000	Attributable to equity holders of the parent					Minority interest	Total Equity
	Issued capital	Irredeemable convertible unsecured loan stocks	Share premium	Currency fluctuation	Other reserve		
Balance as at 01.01.2008	280,999	90,696	329,213	(4,414)	-	13,062	617,307
Conversion of ICULS-A into ordinary shares	35,188	(35,188)	-	-	-	-	-
Exchange realignment	-	-	-	3,912	-	3,259	7,171
Net profit for the year	-	-	-	-	(14,060)	(28)	(14,088)
ICULS-A interest charged against reserves	-	-	-	-	(872)	-	(872)
Proposed dividends	-	-	-	-	(2,081)	-	(2,081)
Balance as at 31.12.2008	316,187	55,508	329,213	(502)	(109,262)	16,293	607,437

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008.

NAM FATT CORPORATION BERHAD
CONDENSED CONSOLIDATED CASHFLOW STATEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009
(UNAUDITED)

	Current year-to-date 31.12.09 RM'000	Preceding year corresponding period 31.12.08 RM'000
Cash Flows Used In Operating Activities		
Loss for the period		
Adjustments for:	(185,582)	(14,088)
Income tax (credit)/expense recognised in income statements	(258)	7,686
Allowance for doubtful debts	1,069	26,576
Depreciation of property, plant and equipment	5,203	5,391
Amortisation of prepaid land lease payments	680	680
Impairment of property, plant and equipment	136	-
Gain on disposal of property, plant and equipment - net	(719)	(117)
Property, plant and equipment written off	60	179
Amount due from contract customers written off	-	796
Interest expense	24,750	18,731
Investment revenue	(2,200)	(2,626)
Interest income from trade receivables	-	(277)
Allowance for foreseeable losses no longer required	-	(987)
Share of loss of associated companies	-	10
Gain on liquidation of subsidiary company	-	(545)
Provision for liquidation ascertained damages no longer required	(32)	(300)
Operating Profit Before Working Capital Changes	(156,893)	41,109
(Increase)/Decrease in:		
Inventories	5,998	1,666
Amount due from contract customers	68,663	(164,764)
Property development expenditure	13,473	(15,998)
Deferred expenditure	(4,172)	-
Receivables	20,323	69,743
Accrued billings	(9,280)	(3,661)
Increase/(Decrease) in:		
Amount due to contract customers	(3,512)	11,100
Payables	46,512	7,533
Progress billings	7,634	17,763
Amount due to associated companies	(40)	-
Cash (Used In)/Generated From Operations	(11,294)	(35,509)
Interest received	2,200	2,626
Tax refunds/(payments)	(755)	(8,366)
Net Cash (Used In)/Generated From Operating Activities	(9,849)	(41,269)
Cash Flows (Used In)/From Investing Activities		
Additions to property, plant and equipment	(2,130)	(3,677)
Proceeds from disposals of property, plant and equipment and leasehold land	2,163	424
Proceeds from liquidation of a subsidiary company	-	422
Net Cash Generated From/(Used In) Investing Activities	33	(2,831)
Cash Flows From/(Used In) Financing Activities		
Withdrawal/(Placement) from deposit in financial institution	5,984	(4,451)
Withdrawal in Sinking Fund Accounts	219	43
Withdrawal/(Placement) in Sinking Fund Trust Accounts	938	(337)
Account maintained under Housing Development Act 1966	(1,398)	1,296
Interest paid	(24,750)	(18,278)
Dividend paid to shareholders	-	(2,079)
Interest paid on ICULS-A	(875)	(872)
Repayments of hire-purchase creditors	(1,863)	(1,538)
Drawdown/(Repayment) of bank borrowings	13,875	(7,896)
Net Cash From/(Used In) Financing Activities	(7,870)	(34,112)
Net Decrease In Cash And Cash Equivalents	(17,686)	(78,212)
Cash And Cash Equivalents At Beginning Of The Period	29,974	107,674
Exchange realignment	(7,343)	512
Cash And Cash Equivalents At End Of The Period	4,945	29,974
Deposit with financial institution	83,888	81,051
Cash and bank balances	10,969	43,776
Bank overdrafts	(18,592)	(17,788)
	76,265	107,039
Less : Deposits pledged with financial institutions	(66,289)	(72,274)
Deposits in Sinking Fund Accounts	(21)	(240)
Deposits in Sinking Fund Trust Accounts	(822)	(1,760)
Cash maintained under Housing Development Act, 1966	(4,188)	(2,791)
	4,945	29,974

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2008.

NAM FATT CORPORATION BERHAD
(Company No. 44548-H)

Notes To The Interim Financial Report – Fourth Quarter Ended 31 December 2009

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standards (“FRS”) 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirement of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group’s audited annual financial statements for the financial year ended 31 December 2008. The accounting policies, methods of computation and basis of consolidation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2008.

2. Accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2008.

Melut Basin Oil Development Project

Further to the audited financial statements as at 31 December 2008, there have been significant developments regarding the status of the project. The Company has achieved full mechanical completion on the overall project during the current financial year under review. Submissions of final claims, which include claims for variation orders and prolongation costs have been made to the Contract Owner. The Company is now in preliminary stages of negotiations with the Contract Owner on the final settlement of this contract.

Included in amount due from contract customers, is an amount of RM408 million representing the actual contract costs incurred to date as of December 31, 2009, net of billings made for the Project. In assessing the merits of the Company’s claims, including variation works and prolongations costs, that are entitled under the contract, it believes there is a reasonable probability of success in securing this amount from the Contract Owner and therefore no provision has been made for any non recoverability of the costs incurred over and above the contract sum. Revenue has been recognised only to the extent of originally agreed contract costs incurred.

As at the date of the interim unaudited financial statements, negotiation for the settlement of the contract with the Contract Owner has commenced and the Board is of view that it is too preliminary to make any provision for recoverability of the variation works at this time. However, the conclusion of the negotiation will allow for a more reasonable and accurate determination of the value of the variation works.

The Board wish to inform stakeholders and the public that provision will be made to the audited financial statements when the Board is able to establish reasonably and accurately the value of the variation works from the on-going negotiation process. The Board will make the appropriate announcement if the outcome of the negotiation necessitate a provision.

3. Auditors' report on preceding annual financial statements

The auditors' report on the Group's annual financial statements for the financial year ended 31 December 2008 was not subject to any qualification.

4. Seasonal or cyclical factors

The business operations of the Group are not affected by any seasonal and cyclical factors.

5. Nature and amount of unusual items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter under review.

6. Material changes in estimates of amounts reported

There are no material changes in the reported financial results for the quarter under review except for the change in profit estimates for certain projects of subsidiaries under the Group. These changes in estimates resulted in the recognition of losses and the provision for foreseeable losses on these projects during the quarter under review.

7. Changes in debts and equity securities

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

8. Dividends

No dividend has been proposed for the current financial period-to-date.

9. Segmental reporting for business segments and geographical segments

The Group's financial information by industry and geographical segments as at 31 December 2009 are as follows:

Analysis by industry :

	Engineering and Construction	Property	Leisure	Manufacturing	Elimination	Consolidated
	RM000	RM000	RM000	RM000	RM000	RM000
Revenue						
External Sales	54,602	62,466	15,245	30,322	-	162,635
Inter-Segment Sales	8,799	1,558	-	2,497	(12,854)	-
Total Revenue	63,401	64,024	15,245	32,819	(12,854)	162,635
Results						
Segment results	(152,651)	(1,128)	327	630		(152,822)
Corporate office expense						(10,468)
Loss from operations						(163,290)
Income from other investments						2,200
Finance costs						(24,750)
Loss before tax						(185,840)
Income tax credit						258
Loss after tax						(185,582)
Other Information						
Capital additions	526	38	1,767	46		2,377
Depreciation and amortisation	4,336	2,487	604	397		7,824
Consolidated Balance Sheet Assets						
Segment assets	891,160	449,063	121,852	50,363		1,512,438
Unallocated assets						15,729
Corporate office assets						9,595
Consolidated total assets						1,537,762
Liabilities						
Segment liabilities	961,994	137,151	123,473	30,276		1,252,894
Unallocated liabilities						6,159
Corporate office assets						(138,313)
Consolidated total liabilities						1,120,740
Net Segment Assets/(Liabilities)						
Segment assets/(liabilities)	(70,834)	311,912	(1,621)	20,087		259,544
Unallocated assets						9,570
Corporate office assets						147,908
Net segment assets						417,022

Analysis by geographical areas:

	Malaysia	Africa	Asia	Eliminations	Consolidated total
	RM000	RM000	RM000	RM000	RM000
Sales Revenue	149,568	-	13,067	-	162,635
Carrying amount of segment assets	941,814	409,109	186,839	-	1,537,762
Capital additions	2,359	18	-	-	2,377

10. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without any amendments from the previous annual audited financial statements.

11. Material events subsequent to the end of the current quarter

There were no material events that have arisen subsequent to the end of the current quarter, which have not been reflected in the interim financial statements of the Group.

12. Changes in the composition of the Group

There were no other changes in the composition of the Group during the current quarter under review.

13. Changes in contingent liabilities

The changes in contingent liabilities of the Company and the Group since the date of the last annual balance sheet to the date of this report (other than material litigation disclosed in Note 20) are as follows:

	As at 1.1.09 <i>RM'000</i>	Changes during the period <i>RM'000</i>	As at 31.12.09 <i>RM'000</i>
Company (Unsecured)			
Guarantees given to financial institutions and finance companies in respect of credit facilities granted to subsidiary companies	364,137	(17,202)	346,935
Guarantees given to third parties in respect of joint ventures	145,383	-	145,383
	<u>509,520</u>	<u>(17,202)</u>	<u>492,318</u>
Group (Unsecured)			
Guarantees given to third parties in respect of joint ventures	53,401	-	53,401

14. Breakdown of tax charge and explanation on variance between effective and statutory tax rate for the current quarter and financial period-to-date

Income tax expense comprises the following:

	Individual Quarter		Cumulative Quarters	
	Current year quarter 31/12/09 RM'000	Preceding year corresponding quarter 31/12/08 RM'000	Current period- to-date 31/12/09 RM'000	Preceding year corresponding period-to-date 31/12/08 RM'000
Malaysian income tax - current year	(3,013)	3,569	(1,703)	3,808
Foreign income tax - current year	(1,124)	245	-	2,224
	<u>(4,137)</u>	<u>3,814</u>	<u>(1,703)</u>	<u>6,032</u>
Malaysian income tax under provision in previous years	(32)	450	812	458
Foreign income tax under provision in previous years	(5)	-	765	-
Deferred taxation	6,820	1,096	(132)	1,571
Deferred taxation over provision in previous years	-	(338)	-	(375)
	<u>2,646</u>	<u>5,022</u>	<u>(258)</u>	<u>7,686</u>

The tax charge in the current quarter under review is due to the reversal of deferred tax asset recognised in the preceding quarter for certain subsidiaries in the Group.

15. Profits / (Losses) on sale of unquoted investments or properties

There were no disposals of unquoted investments or properties for the financial period ended 31 December 2009.

16. Quoted investments

There were no purchase or sale of quoted investments for the financial period ended 31 December 2009.

17. Status of corporate proposals

There were no corporate proposals announced and not completed a date not earlier than 7 days from the date of issue of this report.

18. Group borrowings

Particulars of the Group's borrowings as at 31 December 2009 are as follows:

	Total borrowings as at 31/12/09
<u>Short term borrowings</u>	<i>RM'000</i>
Term loan - secured	121,025
Term loan - unsecured **	91,986
Project bridging loan - secured	13,333
Islamic commercial papers - secured	130,000
Bank overdrafts - unsecured	18,592
Hire purchase and lease creditors - secured	1,288
Total short term borrowings	<u>376,224</u>
<u>Long term borrowings</u>	
Term loan - secured	103,886
Project bridging loan - secured	53,333
Hire purchase and lease creditors - secured	1,417
Total long term borrowings	<u>158,636</u>
Total borrowings	<u>534,860</u>

All borrowings are denominated in Ringgit Malaysia except for the ** is denominated in USD.

19. Off balance sheet financial instruments

There were no off balance sheet financial instruments at a date not earlier than 7 days from the date of issue of this report.

20. Changes in material litigation

Save for the following, neither the Company nor its subsidiaries are engaged in any material litigation, either as plaintiff or defendant, and the Directors of the Company do not have any knowledge of any proceedings, pending or threatened against the Group or of any facts likely to give rise to any proceedings which might adversely and materially affect the position or business of the Group, at a date not earlier than 7 days from the date of issue of this report.

- (i) Tai-Chong Electric Manufacturing Sdn Bhd ("TCEM"), a subsidiary of the Company, was served with a Writ of Summons by APL Logistics Hong Kong Ltd ("APL") together with America President Lines Ltd ("ALL") seeking an indemnity for the sum of USD763,117 with interest thereon at the rate of 8% per annum from the date of filing of the action until full settlement and cost. APL and ALL alleged that one of the terms of the Forwarder Cargo Receipt issued by APL to TCEM stipulated that TCEM would indemnify and keep APL indemnified from and against all liability loss or damage incurred under the

terms of the Forwarder Cargo Receipt. The said indemnity arose pursuant to a judgment passed by the Wuhan Maritime Court in China ("Court") in favour of Yangzhou Merylite Lamp Manufacturing Co Ltd ("YML"), a contract manufacturer of TCEM, in relation to a claim made by YML against APL and ALL.

The Re-Amended Statement of Claim was served by APL and ALL on 31 March 2005. In the Re-Amended Statement of Claim, the claims by APL and ALL are based on the written instructions given by TCEM to APL and ALL to release cargo to the consignee.

Update

On 10 November 2009, APL's solicitor had informed the Registrar that they have their client's instruction to withdraw the suit provided that both parties bear their own costs upon withdrawal of the suit. This was not agreed to by TCEM's solicitor. As a result, the Registrar fixed a hearing on 8 January 2010 before the Judge to determine the issue of the costs.

At the hearing on 8 January 2010, APL formally withdrawn the suit against TCEM and the Court after hearing submission from counsel on the issue of costs ordered APL to pay the costs to TCEM the quantum of which is to be taxed.

- (ii) P&N Construction Sdn Bhd ("P&N"), a subsidiary of the Company, commenced a civil suit against Bukit Cahaya Country Resorts (In Liquidation) ("BCCR") on 28 November 2003 for RM29,672,447.06 together with interest at the rate of 8% to 14.3% per annum from 1 November 2003 until realisation which is due and outstanding under the Construction Contract which was entered into between P&N and BCCR for construction of an 18-hole golf course. P&N also claims the following relief:-
- (a) RM20,946,250.33 being accrued interest as at 31 October 2003 ("Accrued Interest"); and
 - (b) Damages in lieu of and/or addition to specific performance of the agreement to create a fixed charge over a specific piece of land.

The claim in the above suit is also being addressed in BCCR's liquidation through P&N's proof of debt which was lodged on 11 March 2004.

The above suit has been stayed and P&N has not made an application for leave to continue the suit as of yet. On 8 December 2005, the liquidators of BCCR accepted in full P&N's proof of debt of RM50,700,548.51. Notwithstanding this, full allowance for doubtful debt of RM29,672,447.06 has been made and interest income of RM20,946,250.33 has been prudently not recognised in its financial statements.

Update

By a Notice to Creditors and Contributories of Intention to Apply For Release dated 21.1.2010, the liquidators of BCCR had given notice of its intention for release and discharge pursuant to the Companies Act, 1965. In the accompanying statement showing the position of BCCR at the date of the application for release, the prospect of recovering the said debt of RM50,700,548.51 is doubtful.

- (iii) In August 2006 and March 2007, Nam Fatt Corporation Berhad ("Nam Fatt or the "Company") filed two (2) legal suits against Malaysian International Trading Corporation (Japan) Sdn. Bhd. ("Mitco"), to declare that the Corporate Guarantee dated 24.12.2004 issued by Nam Fatt in favour of Mitco is (a) void on grounds of illegality for contravening the Moneylenders Act, 1951; (b) inoperative and/or is not binding on Nam Fatt on the ground of differences between the Head Agreement and the purported Supply Agreements; and (c) Nam Fatt has been discharged as guarantor on the ground that the terms of the purported Supply Agreements have been varied or altered without its consent. There are two appeals pending at the Court of Appeal, filed by Mitco against (1) the High Court's refusal to strike out the Suit and in allowing Nam Fatt's application to expunge, and (2) High Court's refusal to allow consolidation. In the latter suit, Mitco's application for consolidation with its Suit served in May 2007 (see below) was dismissed on 26.10.2009 and it is now pending hearing of Nam Fatt's application under Order 33 Rules of High Court 1980.

In July 2007, NF Energy Sdn Bhd ("NF Energy") via a joint venture known as Bentini-NF Energy JV ("JV") also filed two (2) legal suits against Mitco. In one suit, the JV is claiming for damages of RM211,709,881.80 arising from Mitco's breach, repudiation and/or renunciation of the logistics contract. This suit is now fixed for case management on 20.11.2009. On such date, the Registrar directed that the Bundle of Pleadings, the Statement of Agreed Facts and the Statement of Issues to be Tried in connection with liability issues only be prepared and filed by 5 March 2010. There is an appeal by the JV against the High Court's refusal to allow striking out of certain paragraphs in the Amended Statement of Defence which is pending. In the other suit, the JV is seeking a declaration that the purported Supply Agreements were null and void and illegal for contravention of Moneylenders Act 1951. This suit is now consolidated with Mitco's Suit served in May 2007 (see below) but the JV has filed an appeal to the Court of Appeal against the consolidation order.

Subsequently, in July 2007, Mitco filed and served a suit against the JV and NFCB claiming for Euro 38,734,400.20 (equivalent to RM193,223,622.80) and interest thereon as alleged amount for procurement financing. There are two appeals pending under this Suit filed by NFCB and NF Energy on the High Court's refusal to grant stay or later trial applied by them, and also against High Court's refusal to strike out pleaded evidence.

Nam Fatt and NF Energy are advised by its solicitors that from the information provided by Nam Fatt and NF Energy and the cause papers filed in Court, Nam Fatt and the JV have strong defences against Mitco's claim and that the JV has a strong case against Mitco for repudiation or breach of the logistics contract.

The Board of Directors is of the opinion that there is no significant impact financially and operationally to the Company and the Group as the amount claimed by Mitco has already been provided for in the accounts of NF Energy.

The legal proceedings are not expected to have any material effect on the earnings of the Group for the financial year ending 31 December 2009.

21. Capital commitments

There were no capital commitments for the Group as at 31 December 2009.

22. Material changes in the quarterly results compared to the immediate preceding quarter

The Group reported a revenue of RM24.8 million and loss before tax of RM141.7 million as compared to revenue of RM47.5 million and loss before tax of RM12.4 million in the immediate preceding financial quarter. The decrease in revenue and the increase in loss before tax resulted from the lower business volume in the current quarter and the incurrence of higher project related actual costs compared to the budgeted costs for a number of projects which are at the final stage of completion.

23. Review of performance of the Group

The Group's revenue for the current financial year ended 31 December 2009 decreased to RM162.6 million from RM582.3 million compared to the preceding financial year. The loss before tax increased to RM185.8 million from RM6.4 million for the financial year ended 31 December 2008.

For the current quarter ended 31 December 2009, the Group's revenue decreased to RM24.8 million from a revenue of RM140.4 million reported in the quarter ended 31 December 2008. For the same corresponding period, loss before tax of RM18.5 million increased to loss before tax of RM141.7 million.

The decrease in revenue and the increase in loss before tax for both the current financial year and current quarter in comparison to the corresponding periods resulted from a lower business volume in the affected periods and the incurrence of higher project related actual costs incurred compared to the budgeted costs for a number of projects which is at the final stage of completion. The operational losses are further worsened by the Group's operational overheads in excess of profits generated from the low business volume during the year.

24. Commentary on the prospects for the current financial period

The Group remains cautious in its business endeavours during this current economic condition and is still pursuing strategic local and overseas opportunities, in line with its long term direction towards overseas expansion and also maintaining its presence in the local market. With the strategic plan in place, the Board is cautiously hopeful of an improved performance in the next financial year.

25. Explanatory note for forecast profit and profit guarantee

The Group did not issue any profit forecast or profit guarantee for the current financial period under review.

26. Earnings per share

	Current quarter and year to date 31.12.09 RM'000
Net profit attributable to equity holders of the parent	<u>(184,987)</u>
	<i>Unit'000</i>
Number of ordinary shares issued as of end of the period	327,449
Number of ordinary shares which will be issued:	
- Upon conversion of ICULS-A	42,042
- Upon conversion of ICULS-B	<u>10,065</u>
Total number of ordinary shares for basic earnings per share	<u>379,556</u>
Basic Earnings Per Share(sen)	(48.74)