

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

**Unaudited Interim Financial Report**  
**First Quarter – 31 March 2010**

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

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<b>Contents</b>	<b>Page(s)</b>
Condensed Consolidated Income Statement	1
Condensed Consolidated Balance Sheet	2
Condensed Consolidated Statement of Changes In Equity	3
Condensed Consolidated Cash Flow Statement	4
Notes to The Interim Financial Report	5 – 14

**NAM FATT CORPORATION BERHAD**  
**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2010**

	Individual Quarter		Cumulative Quarters	
	Current year quarter	Preceding year corresponding quarter	Current year-to- date	Preceding year corresponding period
	31.03.10 RM'000	31.03.09 RM'000	31.03.10 RM'000	31.03.09 RM'000
Revenue	58,098	51,430	58,098	51,430
Other operating income	5,194	2,019	5,194	2,019
Expenses excluding finance cost and tax	(57,217)	(63,061)	(57,217)	(63,061)
<b>(Loss) / Profit from operations</b>	<b>6,075</b>	<b>(9,612)</b>	<b>6,075</b>	<b>(9,612)</b>
Finance costs	(14,898)	(3,375)	(14,898)	(3,375)
Income from other investments	276	799	276	799
<b>(Loss) / Profit before tax</b>	<b>(8,547)</b>	<b>(12,188)</b>	<b>(8,547)</b>	<b>(12,188)</b>
Income tax (expense) / credit	(229)	636	(229)	636
<b>(Loss) / Profit for the period</b>	<b>(8,776)</b>	<b>(11,552)</b>	<b>(8,776)</b>	<b>(11,552)</b>
<b>Attributable to:</b>				
Equity holders of the parent	(9,086)	(11,542)	(9,086)	(11,542)
Minority interest	310	(10)	310	(10)
<b>(Loss) / Profit for the period</b>	<b>(8,776)</b>	<b>(11,552)</b>	<b>(8,776)</b>	<b>(11,552)</b>
<b>(Loss) / Earnings per share:</b>				
Basic (loss) / earnings per share (sen)	(2.39)	(3.02)	(2.39)	(3.02)

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2009.

**NAM FATT CORPORATION BERHAD**  
**CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)**  
**AS AT 31 MARCH 2010**

	Unaudited As at end of current quarter	Audited As at preceding financial year end
	31.03.10 RM'000	31.12.009 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	100,180	102,554
Prepaid land lease payments	52,258	52,429
Land held for development	184,383	190,236
Other investments	93	93
Deferred tax assets	515	812
	337,429	346,124
<b>Current assets</b>		
Inventories	14,180	20,328
Amount due from contract customers	298,212	309,744
Property development expenditure	158,590	169,537
Trade receivables	96,198	100,497
Accrued billings	19,310	14,972
Other receivables, deposits and prepayments	15,200	17,640
Tax recoverable	12,579	11,363
Deposits with financial institutions	84,941	83,888
Cash and bank balances	8,690	12,352
	707,900	740,321
<b>Total assets</b>	<b>1,045,329</b>	<b>1,086,445</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to the equity holders of the parent:</b>		
Share capital	319,593	319,589
Share premium	329,213	329,213
Irredeemable convertible unsecured loan stocks	52,102	52,106
Other reserves	(4,286)	(4,151)
Accumulated loss	(661,112)	(651,818)
	35,510	44,939
Minority interest	(2,007)	(2,326)
<b>Total equity</b>	<b>33,503</b>	<b>42,613</b>
<b>Non-current liabilities</b>		
Long term borrowings	-	184,422
Lease and hire-purchase creditors	1,161	1,400
Deferred tax liabilities	597	553
	1,758	186,375
<b>Current liabilities</b>		
Amount due to contract customers	6,790	26,532
Trade payables	312,359	318,722
Progress billings	-	2,057
Other payables, accrued expenses and provisions	138,448	149,160
Lease and hire-purchase creditors	1,129	1,234
Amount due to associated companies	969	970
Short term borrowings	528,840	335,791
Bank overdrafts	15,841	17,701
Tax liabilities	5,691	5,290
	1,010,068	857,457
<b>Total liabilities</b>	<b>1,011,826</b>	<b>1,043,832</b>
<b>Total equity and liabilities</b>	<b>1,045,329</b>	<b>1,086,445</b>
<b>Net assets per share (RM)</b>	0.11	0.14
<b>Diluted net assets per share (RM)</b>	0.10	0.12

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 2009.

**NAM FATT CORPORATION BERHAD  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2010  
(UNAUDITED)**

**Three months ended 31 March 2010**

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	Accumulated Loss		
Balance as at 01.01.2010	319,589	52,106	329,213	(4,151)	(651,818)	(2,326)	42,613
Conversion of ICULS-A into ordinary shares	4	(4)					
Conversion of ICULS-B into ordinary shares				(135)			
Exchange realignment					(9,086)	9	(127)
Net loss for the year					(207)	310	(8,776)
ICULS-A interest charged against reserves							(207)
Proposed dividends							
Balance as at 31.03.10	319,593	52,102	329,213	(4,286)	(661,112)	(2,007)	33,503

**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	Accumulated Loss		
Balance as at 01.01.2009	316,187	55,508	329,213	(502)	(109,262)	16,293	607,437
Conversion of ICULS-A into ordinary shares	3,402	(3,402)					
Conversion of ICULS-B into ordinary shares				(3,649)			
Exchange realignment					(541,681)	(182)	(3,831)
Net profit for the year					(875)	(18,437)	(560,118)
ICULS-A interest charged against reserves							(875)
Proposed dividends							
Balance as at 31.12.2009	319,589	52,106	329,213	(4,151)	(651,818)	(2,326)	42,613

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.

**NAM FATT CORPORATION BERHAD**  
**CONDENSED CONSOLIDATED CASHFLOW STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2010**  
**(UNAUDITED)**

	Current year-to-date 31.03.10 RM'000	Preceding year corresponding period 31.03.09 RM'000
<b>Cash Flows Used In Operating Activities</b>		
Loss for the period	(8,776)	(11,552)
Adjustments for:		
Income tax (credit)/expense recognised in income statements	229	(636)
Allowance for doubtful debts	(1,707)	31
Depreciation of property, plant and equipment	1,160	1,212
Amortisation of prepaid land lease payments	170	170
Gain on disposal of property, plant and equipment - net	(14)	50
Property, plant and equipment written off	861	-
Amount due from contract customers written off	-	3,375
Interest expense	14,898	(799)
Investment revenue	(277)	-
Interest income from trade receivables	-	-
Allowance for foreseeable losses no longer required	-	-
Share of loss of associated companies	-	-
Gain on liquidation of subsidiary company	-	-
Provision for liquidation ascertained damages no longer required	-	-
<b>Operating Profit Before Working Capital Changes</b>	<b>6,544</b>	<b>(8,149)</b>
(Increase)/Decrease in:		
Inventories	6,148	(1,185)
Amount due from contract customers	3,235	487
Property development expenditure	16,801	(584)
Receivables	8,446	26,274
Accrued billings	(4,338)	(5,187)
Increase/(Decrease) in:		
Amount due to contract customers	(11,444)	(4,125)
Payables	(21,652)	(16,030)
Progress billings	(2,057)	11,829
Amount due to associated companies	-	6
<b>Cash (Used In)/Generated From Operations</b>	<b>1,683</b>	<b>3,336</b>
Interest received	277	799
Tax refunds/(payments)	(704)	(3,502)
<b>Net Cash (Used In)/Generated From Operating Activities</b>	<b>1,256</b>	<b>633</b>
<b>Cash Flows (Used In)/From Investing Activities</b>		
Additions to property, plant and equipment	211	(322)
Proceeds from disposals of property, plant and equipment and leasehold land	392	46
<b>Net Cash Generated From/(Used In) Investing Activities</b>	<b>603</b>	<b>(276)</b>
<b>Cash Flows From/(Used In) Financing Activities</b>		
Withdrawal/(Placement) from deposit in financial institution	844	(4,087)
Withdrawal in Sinking Fund Accounts	(480)	(2)
Withdrawal/(Placement) in Sinking Fund Trust Accounts	(1,808)	(95)
Account maintained under Housing Development Act 1966	1,087	1,788
Interest paid	-	(3,375)
Interest paid on ICULS-A	207	(161)
Repayments of hire-purchase creditors	(591)	(477)
Drawdown/(Repayment) of bank borrowings	(2,732)	(15,153)
<b>Net Cash From/(Used In) Financing Activities</b>	<b>(3,473)</b>	<b>(21,562)</b>
<b>Net Decrease In Cash And Cash Equivalents</b>	<b>(1,615)</b>	<b>(21,205)</b>
Cash And Cash Equivalents At Beginning Of The Period	7,125	29,974
Exchange realignment	507	(6,585)
<b>Cash And Cash Equivalents At End Of The Period</b>	<b>6,018</b>	<b>2,184</b>
Deposit with financial institution	84,940	85,415
Cash and bank balances	8,690	16,949
Bank overdrafts	(15,841)	(20,720)
	77,790	81,644
Less : Deposits pledged with financial institutions	(65,446)	(76,360)
Deposits in Sinking Fund Accounts	(501)	(242)
Deposits in Sinking Fund Trust Accounts	(2,630)	(1,856)
Cash maintained under Housing Development Act, 1966	(3,195)	(1,002)
	<b>6,018</b>	<b>2,184</b>

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2009.

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

**Notes To The Interim Financial Report – First Quarter Ended 31 March 2010**

**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 2009. 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 2009.

**2. Accounting policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2009.

As mentioned in Note 3, on March 15, 2010 the Company announced that it has become an affected listed issuer pursuant to the amended Practice Note 17/2005 (PN 17) of the Listing Requirements of Bursa Malaysia Securities Berhad upon the Company's default on its loan instalment payments to a financial institution. Consequently, the Company and the Group are required to undertake a plan to regularise their financial position and to submit the regularisation plan to relevant authorities for approval within 12 months from March 15, 2010.

As an Affected Listed Issuer, the Company is required pursuant to paragraph 3.1(a)(ii) of the Amended PN17 to comply with the following obligations:

- (a) to announce details of the Regularisation Plan as referred to in paragraph 8.14C(3) of the LR which announcement must fulfil the requirements set out in paragraph 3.1A of the Amended PN 17/2005;
- (b) to submit the Regularisation Plan to the Securities Commission, and other relevant authorities (“Approving Authority”), for approval within twelve months from the date of the First Announcement; and to implement the Regularisation Plan within the timeframe stipulated by the relevant Approving Authority;
- (c) to announce the status of its plan to regularise its condition and the number of months to the end of the relevant timeframes referred thereto, as may be applicable on a monthly basis until further notice from Bursa Securities; and
- (d) to announce its compliance or non-compliance with a particular obligation imposed pursuant to Amended PN17/2005 on an immediate basis.

In the event that the Company fails to comply with the obligation to regularise its condition, all of its listed securities shall be suspended from trading immediately upon notification by Bursa Securities and de-listing procedures shall be taken against the Company by Bursa Securities.

The abovementioned events indicate the existence of material uncertainties which cast significant doubt about the ability of the Company and the Group to continue as a going concern. However, the financial statements of the Company and the Group have been prepared on the basis of accounting principles applicable to a going concern which presumes that the realisation of assets and settlement of liabilities will occur in the ordinary course of business. The ability of the Company and the Group to carry on as going concerns is dependent upon their management ability to formulate and implement an appropriate regularisation plan and on the ability of the Group and of the Company to obtain continuing financial support of shareholders, bankers and creditors and achieving future profitable results and generating positive cash flows. Should the going concern assumption be negated, adjustments would have to be made to reduce the carrying values of assets to their recoverable amounts, to provide for further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively.

### **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 2009 was subject to qualification on disclaimer of opinion.

On 15 March 2010, the Company announced it has become an affected company pursuant to Practice Notes 17/2005 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. ("PN17")

On 18 March 2010, the Company and certain of its subsidiaries ('Scheme Companies') had obtained an Ad Interim Restraining Order for duration of three months restraining legal actions and proceedings against the Scheme Companies.

The Company and the Group are required undertake a regularization plan within twelve months from 15 March 2010.

### **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.



**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 March 2010 are as follows:

**Analysis by industry :**

	Engineering and Construction	Property	Leisure	Manufacturing	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External Sales	16,983	29,243	4,397	7,475	-	58,098
Inter-Segment Sales	-	-	-	-	-	-
Total Revenue	16,983	29,243	4,397	7,475	-	58,098
	29%	50%	8%	13%		
<b>Result</b>						
Segment result	(6)	4,846	1,365	(47)	-	6,158
Corporate office expenses						(84)
Profit from operations						6,075
Interest income						277
Interest expense						(14,898)
Share of net result of associated companies						-
Share of net result of joint venture						-
Profit before tax						(8,547)
Income tax						(229)
Profit after tax before MI						(8,776)
<b>Consolidated Balance Sheet Asst</b>	0%					
Segment assets	463,354	426,178	115,723	27,602		1,032,857
Unallocated assets	1,510	643	1,072	1,068		12,855
	44%	41%	11%	3%		
Corporate office assets						(383)
Consolidated total assets						1,045,329
<b>Liabilities</b>						
Segment liabilities	236,985	250,090	127,688	49,908		664,670
Unallocated liabilities	2,761	227	3,206	94		6,288
Unallocated corporate liabilities						340,868
Consolidated total liabilities						1,011,826
<b>Capital Addition</b>	-	-	(59)	24		(36)
<b>Depreciation and Amortisation</b>	540	2,267	54	96		2,958

	Malaysia	Sudan	China	Thailand	Other Asean countries	Eliminations	Consolidated total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales Revenue	58,098	-	-	-	-	-	58,098
	58,098	-	-	-	-	-	58,098
Carrying amount of segment asset	522,245	409,111	-	7,576	106,396	-	1,045,329
Capital additions	(36)	-	-	-	-	-	(36)

## 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 1.1.10 <i>RM'000</i>	Changes during the period <i>RM'000</i>	As at 31.03.10 <i>RM'000</i>
<u>Company (Unsecured)</u>			
Guarantees given to financial institutions and finance companies in respect of credit facilities granted to subsidiary companies	346,935		346,935
Guarantees given to third parties in respect of joint ventures	145,383	-	145,383
	<u>492,318</u>	<u>-</u>	<u>492,318</u>
<u>Group (Unsecured)</u>			
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	Preceding year corresponding quarter	Current period-to-date	Preceding year corresponding period-to-date
	31/03/10	31/03/09	31/03/10	31/03/09
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax - current year	(229)	351	(229)	351
Foreign income tax - current year	-	382	-	382
	(229)	733	(229)	733
Malaysian income tax under provision in previous years	-	1,030	-	1,030
Foreign income tax under provision in previous years	-	766	-	766
Deferred taxation	-	(3,165)	-	(3,165)
Deferred taxation over provision in previous years	-	-	-	-
	(229)	(636)	(229)	(636)

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 March 2010.

**16. Quoted investments**

There were no purchase or sale of quoted investments for the financial period ended 31 March 2010.

**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.

**Proposed Scheme of Compromise**

The Company is proposing a Scheme of Companies to Creditors pursuant to Section 176 of the Companies Act, 1965.

## 18. Group borrowings

Particulars of the Group's borrowings as at 31 March 2010 are as follows:

	Total borrowings as at 31/03/10 <i>RM'000</i>
<u>Short term borrowings</u>	
Term loan - secured	274,420
Term loan - unsecured **	111,087
Project bridging loan - secured	13,333
Islamic commercial papers - secured	130,000
Bank overdrafts - unsecured	15,841
Hire purchase and lease creditors - secured	1,129
Total short term borrowings	<u>545,810</u>
<u>Long term borrowings</u>	
Project bridging loan - secured	52,102
Hire purchase and lease creditors - secured	1,161
Total long term borrowings	<u>53,263</u>
Total borrowings	<u>599,073</u>

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

The group is in reclassify its non-current term loans to short term borrowing in the assumption the group defaulted on the payment of the interest and outstanding of the term loans.

## 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) 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.

There has been no development since the preceding quarter.

- (ii) 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 16.08.2010. On 20.11.2009 the Registrar during case management 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 March 2010.

## **21. Capital commitments**

There were no capital commitments for the Group as at 31 March 2010.

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

The Group posted a revenue of RM58.1 million and loss before taxation of RM8.5 million as compared to revenue of RM9.4 million and loss before taxation of RM545.7 million in the immediate preceding financial quarter. Revenue is higher by 49.6 million as compared the immediate preceding financial quarter's result mainly due to the group's one-off revision over the current project value and the losses before taxation is in effect by the material provision for foreseeable losses in the projects and allowance of doubtful debt made in the same immediate preceding financial quarter.

## **23. Review of performance of the Group**

For the first 3 months ended 31 March 2010, the Group posted revenue and losses before tax of RM58.1 million and RM8.6 million as compared to RM51.4 million and RM11.5 million respectively in the preceding corresponding period.

The improved revenue was mainly contributed from the property and leisure divisions and decrease in losses before taxation was due to reduction in operation expenses.

#### 24. Commentary on the prospects for the current financial period

For the current quarter in review, the directors and the senior management of the Group are committed to and focus on the implementation of the Scheme of Compromise pursuant to Section 176 of the Companies and the regularization plan.

#### 25. Explanatory note for forecast profit and profit guarantee

The Group did not issue any profit forecast or profit guarantee for the current quarter in review.

#### 26. Earnings per share

	RM'000
Net profit attributable to equity holders of the parent	<u>(9,086)</u>
	Unit'000
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	42,038
- Upon conversion of ICULS-B	<u>10,065</u>
Total number of ordinary shares for basic earnings per share	<u>379,552</u>
Basic Earnings Per Share(sen)	(2.39)