

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30TH JUNE 2010**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD TO DATE
	30/6/10	30/6/09	30/6/10	30/6/09
	RM'000	RM'000	RM'000	RM'000
Revenue	235,656	169,785	427,778	299,872
Operating expenses	(224,006)	(168,636)	(406,873)	(324,870)
Other expenses	(117)	-	(117)	(687)
Other income	-	544	486	559
Interest income	28	22	53	26
Finance cost	(3,298)	(3,673)	(6,365)	(7,304)
Profit/(Loss) before tax	8,263	(1,958)	14,962	(32,404)
Taxation	(193)	-	(539)	-
Profit/(Loss) for the period	8,070	(1,958)	14,423	(32,404)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/(Loss)	8,070	(1,958)	14,423	(32,404)
Profit/(Loss) and Total Comprehensive Income/(Loss) attributable to:				
Equity holders of the Company	8,070	(1,958)	14,423	(32,404)
Profit/(Loss) for the period	8,070	(1,958)	14,423	(32,404)
Earnings/(Loss) per share (sen)				
- Basic	4.06	(1.01)	7.26	(16.65)
- Diluted	N/A	N/A	N/A	N/A

The Unaudited Condensed Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statement for the year ended 31st December 2009 and accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2010**

	<b>30/6/10</b>	<b>31/12/09</b>
	<b>RM'000</b>	<b>Restated RM'000</b>
<b>ASSETS</b>		
<u>Non-Current Assets</u>		
Property, Plant & Equipment	438,209	422,866
Other investment	9,000	9,000
	<u>447,209</u>	<u>431,866</u>
<u>Current Assets</u>		
Stocks	176,896	158,526
Debtors	110,228	113,658
Taxation recoverables	2,192	1,864
Short term deposit	5,493	12,073
Cash & bank balances	35,074	31,628
	<u>329,883</u>	<u>317,749</u>
<b>TOTAL ASSETS</b>	<u><u>777,092</u></u>	<u><u>749,615</u></u>
<b>EQUITY AND LIABILITIES</b>		
<u>Equity attributable to equity holders</u>		
Share capital	105,393	97,333
Share premium	31,210	22,977
Revaluation reserves	31,030	31,030
Treasury shares	(30)	(30)
Retained profits	278,325	266,009
Total Equity	<u>445,928</u>	<u>417,319</u>
<u>Non-Current Liabilities</u>		
Long term borrowings	62,218	67,410
	<u>62,218</u>	<u>67,410</u>
<u>Current Liabilities</u>		
Creditors	54,431	67,454
Dividend payable	2,107	-
Taxation liabilities	114	-
Short term borrowings	212,294	197,432
	<u>268,946</u>	<u>264,886</u>
Total liabilities	<u>331,164</u>	<u>332,296</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>777,092</u></u>	<u><u>749,615</u></u>
Net Assets per share (RM)	2.12	2.14

The Unaudited Condensed Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2009 and accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE FINANCIAL PERIOD ENDED 30TH JUNE 2010**

	<b>Current year</b> <b>01/01/10</b> <b>to 30/6/10</b> <b>RM'000</b>	<b>Preceding Year</b> <b>01/01/09</b> <b>to 30/6/09</b> <b>RM'000</b>
Profit/(Loss) before tax	14,962	(32,404)
Adjustment for:		
Depreciation of property, plant and equipment	8,675	7,965
Others	6,170	6,765
Operating profit/(loss) before changes in working capital	29,807	(17,674)
Changes in working capital		
Net change in current assets	(14,941)	24,468
Net change in current liabilities	(13,023)	16,203
Cash generated from operations	1,843	22,997
Interest paid	(6,078)	(6,619)
Income tax paid	(753)	(3,625)
Net cash (outflow)/inflow in operating activities	(4,988)	12,753
Investing activities		
Purchase of property, plant and equipment	(24,017)	(7,093)
Others	-	82
Net cash outflow in investing activities	(24,017)	(7,011)
Financing activities		
Bank borrowings	(1,859)	11,747
Issue of new shares (net of listing expenses)	16,293	-
Others	(92)	(146)
Net cash inflow from financing activities	14,342	11,601
Net (decrease)/increase in cash and cash equivalents	(14,663)	17,343
Cash and cash equivalents at beginning of the year	43,701	28,514
Cash and cash equivalents at end of the financial period	1 29,038	45,857
1 Cash and cash equivalents at end of the financial period comprise :		
Short term deposit	5,493	24,261
Cash and bank balances	35,074	21,596
Bank overdraft	(11,529)	-
	29,038	45,857

The Unaudited Condensed Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2009 and accompanying explanatory notes attached to the interim financial statements.

**THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30TH JUNE 2010**

	← Attributable to equity holders of the Company →					Total RM'000
	Non-distributable			Distributable		
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserves RM'000	Retained Profits RM'000	Treasury Shares RM'000	
<b>6 months ended 30th June 2009</b>						
At 1st January 2009	97,333	22,977	31,030	278,968	-	430,308
Dividend declared in respect of financial year ended 31st December 2008	-	-	-	(4,867)	-	(4,867)
Total comprehensive loss	-	-	-	(32,404)	-	(32,404)
At 30th June 2009	<u>97,333</u>	<u>22,977</u>	<u>31,030</u>	<u>241,697</u>	<u>-</u>	<u>393,037</u>
<b>6 months ended 30th June 2010</b>						
At 1st January 2010	97,333	22,977	31,030	266,009	(30)	417,319
Issue of shares (net of listing expenses)	8,060	8,233	-	-	-	16,293
Dividend declared in respect of financial year ended 31st December 2009	-	-	-	(2,107)	-	(2,107)
Total comprehensive income	-	-	-	14,423	-	14,423
At 30th June 2010	<u>105,393</u>	<u>31,210</u>	<u>31,030</u>	<u>278,325</u>	<u>(30)</u>	<u>445,928</u>

The Unaudited Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2009 and accompanying explanatory notes attached to the interim financial statements.

**MALAYSIA STEEL WORKS (KL) BHD**  
(Company No. 7878-V)

**SELECTED EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING FOR THE QUARTER ENDED 30<sup>TH</sup> JUNE 2010**

**A1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirement of Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> December 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31<sup>st</sup> December 2009.

**A2. Accounting Policies and Methods of Computation**

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the audited financial statements for the year ended 31<sup>st</sup> December 2009, except for the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretation which are applicable to its financial statements with effect from 1<sup>st</sup> January 2010:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments (effective from 1 <sup>st</sup> July 2009)
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs (revised)
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2: Group and Treasury Share Transactions
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 117	Leases
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRSs	Improvements to FRSs (2009)

Other than as explained below, the application of the above FRSs, IC Interpretations and Amendments did not have significant impact on the financial statements of the Group.

**(a) FRS 8: Operating segments**

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes that are regularly reviewed by the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the segments. The Group’s reportable segment is primarily based on long steel products, which nature of business, financial effects and economic environments in which it operates are similar. As such the segmental information on revenue, results and assets are disclosed in the condensed consolidated statements of comprehensive income.

**(b) FRS 101: Presentation of Financial Statements (revised)**

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

The total comprehensive income for the period is presented as a one-line item in the statement of changes in equity.

**(c) Amendment to FRS 117: Lease**

This amendment removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made retrospectively in accordance with FRS 108. The Group has reassessed and determined that all leasehold land of the Group are in substance finance leases and has reclassified the leasehold land from prepaid lease payments for land to property, plant and equipment.

The reclassification has been made retrospectively and the comparative figures have been restated as follows:-

	<b>As reported previously RM'000</b>	<b>Effect of adopting Amendment to FRS 117 RM'000</b>	<b>As restated RM'000</b>
Property, plant and equipment	352,264	70,602	422,866
Prepaid lease payments for land	70,602	(70,602)	-

The adoption of Amendment to FRS 117 does not have any impact to the financial results of the Group for the current financial year to date and corresponding period last year.

**(d) FRS 139: Financial Instruments: Recognition and Measurement**

This Standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted.

All financial instruments are recognised initially at fair value plus in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition of the financial instruments. Subsequent to the initial recognition, the financial instruments are measured in accordance with the designation of the financial instruments.

In accordance with the transitional provisions of FRS 139, the impact of applying FRS 139 upon first adoption is applied prospectively with adjustments to be made to the opening balances in the statement of financial position. Comparative figures need not be adjusted.

**A3. Qualification of Financial Statements**

The financial statements for the financial year ended 31<sup>st</sup> December 2009 was not qualified.

**A4. Seasonal or Cyclical factors**

The operations of the Company are subject to both cyclical factors in the construction industry as well as festive seasons.

**A5. Extraordinary items**

There are no extraordinary items for the financial period under review.

**A6. Changes in Estimates**

There have been no changes in the estimates of amount for the period under review.

**A7. Debts and Equity Securities**

There were no issuances, cancellation, repurchases, resale and repayment of debts and equity securities for the current quarter under review, save as disclosed below.

As at 30<sup>th</sup> June 2010, a total of 30,000 shares were held as treasury shares out of its total issued share capital of 194,666,666 shares at an average price of RM0.99 per share. The share buyback transactions were financed by internal generated funds.

**A8. Dividend**

There was no dividend paid by the company during the quarter under review.

**A9. Valuation**

The valuations of the freehold and leasehold land have been brought forward, without amendment, from the previous audited financial statements for the year ended 31<sup>st</sup> December 2009.

The property, plant and equipment are stated at cost except for the freehold and leasehold land which are stated at valuation, less accumulated depreciation. There was no valuation of property, plant and equipment for the current quarter under review and financial year-to-date.

**A10. Material subsequent events**

There are no material subsequent events between the end of the current quarter under review and the date of this report.

**A11. Changes in the composition of the Group**

There was no change in the composition of the Group during the current quarter under review.

## **A12. Changes in contingent liabilities**

The following are pending litigation in respect of claims instituted against the Company:-

- (i) Claim of RM1.23 million for the balance of the purchase price for goods sold. The Company had filed a defence and counter claim for damages of RM3.73 million. The case was heard on 2<sup>nd</sup> May 2006 and on 19<sup>th</sup> September 2006 judgment was delivered. The claim of RM1.23 million was dismissed with cost and the court then gave judgment in favour of the Company on its counter claim for RM3.73 million together with cost and interest of 8% per annum from January 1999 until full payment. The total compensation sum up to December 2006, would be approximately RM6.0 million. The supplier had filed its notice of appeal in the Court of Appeal on the above judgment. On 15<sup>th</sup> May 2008, the Court of Appeal was handed down wherein the supplier's appeal was allowed and the High Court Judgment was set aside. The Company filed a Notice of Motion on 12<sup>th</sup> June 2008 to apply for leave to appeal and waiting for the date hearing at the Federal Court. In respect of the cost of the Court of Appeal and High Court proceedings, the supplier had filed its application for taxation of costs in the Court of Appeal. The hearing for the taxation of costs in the Court of Appeal fixed on 19<sup>th</sup> June 2009 had been further adjourned to 4<sup>th</sup> September 2009 and on this date this matter had been further adjourned to 20<sup>th</sup> November 2009 for hearing. On 20<sup>th</sup> November 2009, the Court of Appeal taxed down the Supplier's claim for costs of RM400,036.44 to RM37,222.10 as the overall costs to the Supplier. The Company application for leave to appeal to Federal Court has been dismissed with costs of RM30,000 awarded to the supplier. On 25<sup>th</sup> August 2010, the High Court taxed down the Supplier's claim for costs of above RM500,000 to RM109,253.80 as the overall costs to the Supplier.
- (ii) Arbitration for letter of demand against the Company for RM2.44 million had commenced and the parties have filed their respective claims and counterclaims. The Company had a counterclaim in excess of the claim. The solicitors of the Company are of the opinion that the Company chances of success in the claim proper are good. The Company had further filed an application in court for security for cost and was fixed for hearing on 14<sup>th</sup> June 2007. On the 14<sup>th</sup> June 2007, the hearing proceeded and the decision was delivered on 21<sup>st</sup> June 2007. The Learned Judge allowed the application for security for costs of RM75,000. The Arbitrator had also stayed the arbitration proceedings pending the outcome of that application for security for cost.

The supplier had filed an appeal to the Court of Appeal against this order for security for cost. Both parties had filed leave applications to the Court of Appeal on 22<sup>nd</sup> April 2008 and leave was granted for both parties to file the Appeal within 14 days. On 30<sup>th</sup> April 2008 the Company had filed their Notice of Appeal. The Supplier had served their Record of Appeal and the Company have filed and served our Record of Appeal on 6<sup>th</sup> July 2009 and now awaiting a hearing to be fixed by the Court of Appeal for the said appeals.



- (iii) Claims of RM7.56 million for goods sold and delivered together with interest. The solicitors of the Company are of the opinion that such a claim would fail in court since there appears to be no agreements whatsoever, nor any prior demand or claim made by supplier regarding the interests and that so long as the supplier has accepted periodical payments by the Company unequivocally, they cannot now insist that interest are due to them. The supplier had filed their Statement of Claim to which the Company had filed a Statement of Defence and Counterclaim. The supplier had filed their Defence to the Counterclaim on 1<sup>st</sup> September 2006 and their Summary Judgment Application on 19<sup>th</sup> June 2007. The said application was fixed for mention on 26<sup>th</sup> August 2008 and on this date this matter had been further adjourned to 23<sup>rd</sup> September 2008 for hearing. This matter was fixed for mention before the Deputy Registrar on 21<sup>st</sup> January 2009 and on this date this matter had been further adjourned to 22<sup>nd</sup> April 2009 for hearing. On 22<sup>nd</sup> April 2009, the court had directed the parties file their respective submissions in court and fixed this matter for Decision on 13<sup>th</sup> August 2009. On 13<sup>th</sup> August 2009, the High Court had dismissed Plaintiff's Summary Judgment application with costs. This matter is now fixed for further Case Management on 24<sup>th</sup> September 2010 and for trial on 20<sup>th</sup>, 21<sup>st</sup> and 22<sup>nd</sup> October 2010 and also fixed for further mediation on 7<sup>th</sup> September 2010.

### A13. Capital Commitments

The capital commitments as at 30<sup>th</sup> June 2010 were as follows:

	<b>30/6/10 RM'000</b>
Property, plant and equipment	
- Approved and contracted for	<u>12,559</u>

### A14. Related Party Transactions

Significant transactions with the related party are as follows:

<b>Purchase of goods from:</b>	<b>6 months ended 30/6/10 RM'000</b>
Soon Seng Co (Penang) Sdn Bhd	
Enterprise in which substantial interest is owned by a substantial shareholder of the Company.	<u>94</u>

**PART B:- ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of performance**

The Group reported a profit before tax of RM8.26 million on the revenue of RM235.66 million for the current quarter compared to a loss before tax of RM1.96 million on the revenue of RM169.79 million for the previous year corresponding quarter. The increase in revenue and profit are mainly attributed to higher volume and prices in line with the recovery in the steel sector.

**B2. Comparisons with immediate preceding quarter's results**

The Group's revenue for the current quarter recorded an increase of RM43.54 million to RM235.66 million in the current quarter due to increase in selling prices and sales volume. The Group recorded a higher profit before tax of RM8.26 million, as compared to RM6.70 million recorded in the immediate preceding quarter mainly due to the increase in turnover.

**B3. Prospects**

With the steady increase of construction activities in Malaysia together with the rest of South East Asia, the demand for steel billets and bars are expected to remain firm for the rest of the year. Selling prices are expected to be on an uptrend and margins are likely to improve in tandem also.

In the absence of any unanticipated external economic contagion, the performance of the Company is expected to be encouraging.

**B4. Profit forecast**

The disclosure requirements for explanatory notes are not applicable as no profit forecast was published.

**B5. Taxation**

i) Taxation comprises:

	<b>Current Quarter Ended RM'000</b>	<b>Current Year To-date Ended RM'000</b>
<u>Malaysian income tax</u>		
Current year's provision	<u>193</u>	<u>539</u>

ii) Reconciliation of income tax expenses

	<b>Current Quarter Ended RM'000</b>	<b>Current Year To-date Ended RM'000</b>
Profit before taxation	8,263	14,962
Taxation at tax rate of 25%	2,066	3,740
(Income)/expenses not subject to tax	116	56
Utilization of unutilized reinvestment allowance	(1,672)	(2,947)
Over provision in prior years	(327)	(327)
Others	10	17
	<u>193</u>	<u>539</u>

**B6. Sale of unquoted investments and/or properties**

There was no sale of any unquoted investments and/or properties during the current period under review.

**B7. Purchase or disposal of quoted securities**

There was no purchase or disposal of any quoted securities during the current period under review.

**B8. (a) Status of corporate proposals**

*i) Private Placement*

On 28 January 2010, OSK Investment Bank Berhad (“OSK”) had on behalf of the Company announced that the Company proposes to implement a private placement of up to 19.47 million new ordinary shares of RM0.50 each, representing not more than ten percent (10%) of the issued and paid-up share capital of the Company, to investors to be identified (“Private Placement”). The application was approved by Bursa Securities and the Ministry of International Trade and Industry on 3 February 2010 and 11 February 2010 respectively. The Company has completed the placement of 16,120,000 Masteel shares representing 82.81% of the total number of shares available under the Private Placement and that the Company has no further intention of completing the placement of the remaining 3,346,666 shares. Accordingly, the Private Placement is deemed completed on 31 July 2010.

*ii) Subscription and Share Sale Agreement (“Proposed Partnership”)*

On 2 June 2010, the Company announced that the Company has entered into a Subscription and Share Sale Agreement (“Agreement”) with IBA Pharma SA, a wholly-owned subsidiary of Ion Beam Application S.A. (“IBA”) and Bio Molecular Industries Sdn Bhd, a wholly-owned subsidiary of Masteel (“BioM”) wherein the Company will reduce its shareholding in BioM to 45.34% and IBA shall hold 54.66% of the issued and paid-up share capital of BioM. The Proposed Partnership has been completed on 6 August 2010.

**(b) Status of utilization of proceed raised**

The total proceed raised by the Company from the Private Placement have been utilised in the following manner.

	<b>Total Proceeds RM'000</b>	<b>Utilised RM'000</b>	<b>Unutilised RM'000</b>
Working capital	16,353	16,353	-
Listing expenses	90	90	-
	<u>16,443</u>	<u>16,443</u>	<u>-</u>

**B9. Borrowings**

	<b>30/6/10 RM'000</b>
<u>Secured:-</u>	
Short term borrowings	212,294
Long term borrowings	62,218
	<u>274,512</u>
Total borrowings	<u>274,512</u>

**The above borrowings are denominated in the following currencies:**

	<b>'000</b>	<b>RM'000</b>
Ringgit Malaysia	-	265,261
US Dollar	2,800	9,251
		<u>274,512</u>

**B10. Off balance sheet financial instruments**

The Company does not have any off balance sheet financial instruments as at the date of this quarterly report.

## **B11. Material litigations**

The material litigations pending during the current period under review are as per disclosed in the followings:-

- (i) Claim of RM1.23 million for the balance of the purchase price for goods sold. The Company had filed a defence and counter claim for damages for RM3.73 million. The case was heard on 2<sup>nd</sup> May 2006 and on 19<sup>th</sup> September 2006 judgment was delivered. The claim of RM1.23 million was dismissed with cost and the court then gave judgement in favour of the Company on its counter claim for RM3.73 million together with cost and interest of 8% per annum from January 1999 until full payment. The total compensation sum up to December 2006, would be approximately RM6.0 million. The supplier had filed its notice of appeal in the Court of Appeal on the above judgment. On 15<sup>th</sup> May 2008, the Court of Appeal was handed down wherein the supplier's appeal was allowed and the High Court Judgment was set aside. The Company filed a Notice of Motion on 12<sup>th</sup> June 2008 to apply for leave to appeal and waiting for the date hearing at the Federal Court. In respect of the cost of the Court of Appeal and High Court proceedings, the supplier had filed its application for taxation of costs in the Court of Appeal. The hearing for the taxation of costs in the Court of Appeal was fixed on 19<sup>th</sup> June 2009 had been further adjourned to 4<sup>th</sup> September 2009 and on this date this matter had been further adjourned to 20<sup>th</sup> November 2009 for hearing. On 20<sup>th</sup> November 2009, the Court of Appeal taxed down the Supplier's claim for costs of RM400,036.44 to RM37,222.10 as the overall costs to the Supplier. The Company application for leave to appeal to Federal Court has been dismissed with costs of RM30,000 awarded to the supplier. On 25<sup>th</sup> August 2010, the High Court taxed down the Supplier's claim for costs of above RM500,000 to RM109,253.80 as the overall costs to the Supplier.
- (ii) Arbitration for letter of demand against the Company for RM2.44 million is now commenced and the parties have filed their respective claims and counterclaims. The Company had a counterclaim in excess of the claim. The solicitors of the Company are of the opinion that the Company chances of success in the claim proper are good. The Company had further filed an application in court for security for cost and was fixed for hearing on 14<sup>th</sup> June 2007. The Arbitrator had also stayed the arbitration proceedings pending the outcome of that application for security for cost. On the 14<sup>th</sup> June 2007, the hearing proceeded and the decision was delivered on 21<sup>st</sup> June 2007. The Learned Judge allowed the application for security for costs of RM75,000. The Arbitrator had also stayed the arbitration proceedings pending the outcome of that application for security for cost.

The supplier had filed an appeal to the Court of Appeal against this order for security for cost. Both parties had filed leave applications to the Court of Appeal on 22<sup>nd</sup> April 2008 and leave was granted for both parties to file the Appeal within 14 days. On 30<sup>th</sup> April 2008 the Company had filed their Notice of Appeal. The Supplier had served their Record of Appeal and the Company have filed and served our Record of Appeal on 6<sup>th</sup> July 2009 and now awaiting a hearing to be fixed by the Court of Appeal for the said appeals.

- (iii) Claims of RM7.56 million for goods sold and delivered together with interest. The solicitors of the Company are of the opinion that such a claim would fail in court since there appears to be no agreements whatsoever, nor any prior demand or claim made by supplier regarding the interests and that so long as the supplier has accepted periodical payments by the Company unequivocally, they cannot now insist that interest are due to them. The supplier had filed their Statement of Claim to which the Company had filed a Statement of Defence and Counterclaim. The supplier had filed their Defence to the Counterclaim on 1<sup>st</sup> September 2006 and their Summary Judgment Application on 19<sup>th</sup> June 2007. The said application was fixed for mention on 26<sup>th</sup> August 2008 and on this date this matter had been further adjourned to 23<sup>rd</sup> September 2008 for hearing. This matter was fixed for mention before the Deputy Registrar on 21<sup>st</sup> January 2009 and on this date this matter had been further adjourned to 22<sup>nd</sup> April 2009 for hearing. On 22<sup>nd</sup> April 2009, the court had directed the parties file their respective submissions in court and fixed this matter for Decision on 13<sup>th</sup> August 2009. On 13<sup>th</sup> August 2009, the High Court had dismissed Plaintiff's Summary Judgment application with costs. This matter is now fixed for further Case Management on 24<sup>th</sup> September 2010 and for trial on 20<sup>th</sup>, 21<sup>st</sup> and 22<sup>nd</sup> October 2010 and also fixed for further mediation on 7<sup>th</sup> September 2010.

## **B12. Dividend**

A first and final single tier dividend of 1.0 sen per share had been proposed in respect of the financial year ended 31<sup>st</sup> December 2009 and was approved by the shareholders at the 38<sup>th</sup> Annual General Meeting of the Company held on 24<sup>th</sup> June 2010. The entitlement date for the said dividend was on 9<sup>th</sup> July 2010 and paid on 23<sup>rd</sup> July 2010.

For the previous corresponding period in respect of the financial year ended 31<sup>st</sup> December 2008, a first and final single tier dividend of 2.5 sen per share was paid to shareholders on 31<sup>st</sup> July 2009.

## **B13. Earnings per share ("EPS")**

- (a) *Basic earnings per share*

The basic earnings per share of the Company is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

	<b>Current Quarter Ended</b>	<b>Current Year To-date Ended</b>
Profit attributable to ordinary shareholders (RM'000)	<u>8,070</u>	<u>14,423</u>
Weighted average number of ordinary shares in issue ('000)	<u>198,743</u>	<u>198,743</u>
Basic Earnings Per Share (sen)	<u>4.06</u>	<u>7.26</u>

(b) *Diluted earnings per share*

There is no dilution of any shares during the period. Accordingly, the diluted earnings per share calculation is the same as that of Basic Earnings per Share.

By order of the Board