PROTON HOLDINGS BERHAD (623177-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2010

PROTON HOLDINGS BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2010

	Individual Period		Cumulative Period	
	31.12.10	31.12.09	31.12.10	31.12.09
	RM'000	RM'000	RM'000	RM'000
CONTINUING OPERATIONS:				
Revenue	1,833,061	2,013,533	6,363,457	5,969,641
Operating expenses	(1,975,546)	(2,009,033)	(6,411,084)	(5,864,544)
Other operating income	84,855	75,024	168,747	140,133
(Loss)/Profit before finance cost	**(57,630)**	**79,524**	**121,120**	**245,230**
Finance cost	(4,041)	(2,180)	(8,173)	(8,123)
Share of results of associated and jointly controlled entities (net of tax)	10,136	5,614	21,432	10,882
(Loss)/Profit before taxation	**(51,535)**	**82,958**	**134,379**	**247,989**
Taxation	(8,565)	(3,280)	(43,879)	(31,699)
(Loss)/Profit for the period	**(60,100)**	**79,678**	**90,500**	**216,290**
OTHER COMPREHENSIVE INCOME:				
Translation of foreign operations	8,205	7,811	9,316	43,563
Total comprehensive income	**(51,895)**	**87,489**	**99,816**	**259,853**
(Loss)/Profit for the period attributable to:				
Equity holders of the Company	(60,100)	79,678	90,500	216,290
Minority interests	-	-	-	-
	(60,100)	79,678	90,500	216,290
Total comprehensive income attributable to:				
Equity holders of the Company	(51,895)	87,489	99,816	259,853
Minority interests	-	-	-	-
	(51,895)	87,489	99,816	259,853
Earnings per share attributable to equity holders of the Company (sen):				
Basic (sen)	(10.9)	14.5	16.5	39.4
Diluted (sen)	N/A	N/A	N/A	N/A

The unaudited condensed consolidated income statement should be read in conjunction with the audited financial statement for the financial year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statement.

PROTON HOLDINGS BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Unaudited as at 31.12.10 RM'000	Audited as at 31.03.10 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	2,544,044	2,624,418
Goodwill	29,008	29,008
Intangible assets	946,861	563,963
Associated companies and jointly controlled entities	357,966	355,184
Deferred tax assets	13,661	15,033
Total Non-Current Assets	**3,891,540**	**3,587,606**
Current Assets		
Inventories	1,659,381	1,227,212
Trade and other receivables	970,906	966,336
Derivative assets	3,988	-
Tax recoverable	18,201	25,301
Financial assets classified as held for trading	4,574	9,676
Cash, bank balances and deposits	969,327	1,652,089
Total Current Assets	**3,626,377**	**3,880,614**
Non-current assets held for disposal	35,197	36,931
TOTAL ASSETS	**7,553,114**	**7,505,151**
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	549,213	549,213
Reserves	4,796,399	4,783,776
Total Equity	**5,345,612**	**5,332,989**
Non-current Liabilities		
Long term borrowings	19,148	29,649
Other non-current liabilities	33,607	59,001
Deferred tax liabilities	10,481	10,740
Total Non-Current Liabilities	**63,236**	**99,390**
Current Liabilities		
Trade and other payables	1,563,613	1,734,033
Provisions	191,178	184,404
Taxation	12,182	12,099
Short term borrowings	377,293	142,236
Total Current Liabilities	**2,144,266**	**2,072,772**
Total Liabilities	**2,207,502**	**2,172,162**
TOTAL EQUITY AND LIABILITIES	**7,553,114**	**7,505,151**
Net assets per share attributable to equity holders of the Company (RM)	**9.73**	**9.71**

The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statement for the financial year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statement.

PROTON HOLDINGS BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2010

	<---------- Attributable to equity holders of the Company					---------->
		<------ Non - distributable		------>		
	Share capital RM'000	Capital reserve RM'000	Asset revaluation reserve RM'000	Foreign exchange reserves RM'000	Retained earnings RM '000	Total equity RM'000
At 1 April 2010	549,213	475,617	2,362	(66,995)	4,372,792	5,332,989
Effects of applying FRS 139	-	-	-	-	(4,811)	(4,811)
	549,213	475,617	2,362	(66,995)	4,367,981	5,328,178
Changes in equity for the period to 31 December 2010:						
Total comprehensive income for the period	-	-	-	9,316	90,500	99,816
Dividends paid	-	-	-	-	(82,382)	(82,382)
At 31 December 2010	549,213	475,617	2,362	(57,679)	4,376,099	5,345,612
At 1 April 2009	549,213	475,617	2,362	(79,512)	4,153,860	5,101,540
Changes in equity for the period to 31 December 2009:						
Total comprehensive income for the period	-	-	-	43,563	216,290	259,853
At 31 December 2009	549,213	475,617	2,362	(35,949)	4,370,150	5,361,393

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the financial year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statement.

PROTON HOLDINGS BERHAD
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2010

	9 months ended 31.12.10 RM'000	9 months ended 31.12.09 RM'000
CASH FLOWS (USED IN)/ GENERATED FROM OPERATING ACTIVITIES	(61,487)	897,670
CASH FLOWS USED IN INVESTING ACTIVITIES	(745,497)	(309,730)
CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES	123,952	(137,138)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(683,032)	450,802
EXCHANGE RATE EFFECTS	16,818	9,494
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	1,606,109	899,383
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	939,895	1,359,679
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash, bank balances and deposits	969,327	1,495,464
Fixed deposits pledged as security	(25,000)	(110,784)
Restricted cash received under Automotive Development Fund	(4,432)	(25,001)
	939,895	1,359,679

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statement for the financial year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statement.

PROTON HOLDINGS BERHAD

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1. BASIS OF PREPARATION

The interim financial statement has been prepared in accordance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited interim financial statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2010. These explanatory notes attached to the interim financial statement provides 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 financial year ended 31 March 2010.

2. ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those used in preparation of the audited financial statement for the financial year ended 31 March 2010 except for the adoption of the following new FRSs, Amendments to FRSs and IC Interpretations that are effective for the financial period from 1 April 2010.

On 1 April 2010, the Group adopted the following FRSs:

FRS 7	Financial Instruments: Disclosures
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs (revised)
FRS 127	Consolidated and Separate Financial Statements
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 8	Operating Segments
Amendments to FRS 107	Statement of Cash Flows
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events after the Balance Sheet Date
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 120	Accounting for Government Grants
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 128	Investments in Associates
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119: The Limit on a Defined Benefits Asset, Minimum Funding Requirements and their Interaction

The adoption of the above FRSs, Amendments to FRSs and IC Interpretations are not expected to have a significant impact on the interim financial report, other than as discussed below:

2. ACCOUNTING POLICIES (cont'd)

(a) FRS 7: Financial Instruments: Disclosures

The adoption of FRS 7 requires additional disclosures regarding fair value measurements and liquidity risk in the full year financial statements, and has no effect on reported profit or equity. However, FRS 7 disclosures are not required in the interim financial statement, and hence, no further disclosures had been made in the interim financial statement.

(b) FRS 8: Operating Segments

FRS 8 replaces FRS 114_{2004}: Segment Reporting requires a 'management approach', under which segment information is presented on a similar basis as that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the 'Chief Operating Decision Maker' who makes decisions on the allocation of resources and assesses the performance of the reportable segments. The Group concluded that the operating segments determined in accordance to FRS 8 are similar to the business segments previously identified under FRS 114.

This is a disclosure standard and hence does not have any impact on the financial position and performance of the Group.

(c) FRS 101: Presentation of Financial Statements (Revised)

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group. Certain comparative figures have been reclassified to conform with the current period's presentation as follows:

RM'000 **Group**	Income statement as previously reported	Effects of Revised FRS 101	Statement of comprehensive income as restated
9 months ended 31 December 2009			
Profit for the financial period	216,290	-	216,290
Other comprehensive income	-	43,563	43,563
Total comprehensive income			259,853
Total comprehensive income attributable to:			
Equity holders of the Company			259,853
Minority interests			-
			259,853

(d) Amendment to FRS 117: Leases

The Group has adopted the amendment to FRS 117 which requires the reassessment and determination of leasehold lands. The Group has reassessed and determined that all leasehold lands of the Group are in substance finance leases and has been classified as leasehold land within property, plant and equipment. The change in accounting policy had been made retrospectively in accordance with the transitional provisions of the amendment.

2. ACCOUNTING POLICIES (cont'd)

(e) FRS 139 and Amendments to FRS 139: Financial Instruments - Recognition and Measurement

The new FRS 139 establishes principles for the recognition and measurement of the Group's financial assets, financial liabilities and contracts to buy and sell non-financial items.

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are initially measured at fair values. Subsequently, the accounting policies relating to the recognition and measurement of financial instruments are as follows:

(i) Loans and Receivables

Prior to 1 April 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair values and subsequently at amortised cost using the effective interest method. Gains and losses arising from the derecognition of the loans and receivables, amortisation under the effective interest method and impairment losses are recognised in the income statement.

(ii) Fair Value Through Profit or Loss

Financial assets held for trading, including derivatives (except those designated as hedges) and those designated at fair value through profit or loss on initial recognition are the two sub-categories under this category. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months from the reporting date.

(iii) Cash Flow Hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into income statement in the same period or periods which the hedged forecast cash flow affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity to the income statement.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge design is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss is recognised in other comprehensive income on the hedging instrument is reclassified from equity to the income statement.

(iv) Available-for-sale financial assets

Available-for-sale financial assets comprise investment in debt securities that are not held for trading and are subsequently measured at fair value with gain or loss recognised in other comprehensive income.

2. **ACCOUNTING POLICIES (cont'd)**

(e) FRS 139 and Amendments to FRS 139: Financial Instruments - Recognition and Measurement (cont'd)

Impact on opening balances

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 March 2010 are not restated. Hence, the changes have been accounted for by restating the opening balances as at 1 April 2010 in the consolidated statement of financial position. The effect of changes in the consolidated statement of financial position is as follows:

	As at 31.03.2010 RM'000	Effect of FRS 139 RM'000	As at 1.04.2010 RM'000
Non-current Assets			
Investment in associated companies and jointly controlled entities	355,184	(4,811)	350,373

(f) IC Interpretation 13 Customer Loyalty Programmes

Prior to the adoption of IC Interpretation 13, free service given to customers during campaigns and on purchase of cars are not treated as a separately identifiable component of the sale transactions. With the adoption of IC Interpretation 13, revenue attributed to the free service is deferred as a liability at the date of the initial sale transactions and only recognised when the services are redeemed.

The adoption of IC Interpretation 13 is not material to the prior year's financial statements, hence the impact is reflected in the financial period ended 31 December 2010.

3. **AUDIT QUALIFICATIONS**

The annual audited financial statement for the financial year ended 31 March 2010 was not subject to any qualification.

4. **SEASONAL OR CYCLICAL FACTORS**

The businesses of the Group were not materially affected by any seasonal or cyclical factors during the current financial period under review.

5. **UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

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

6. **SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. In order to enhance the information content of the estimates, certain key variables that are anticipated to have a material impact on the Group's results and financial position are tested for sensitivity to changes in the underlying parameters.

There were no other significant changes in estimates that have had a material effect in the current financial period under review.

7. **SIGNIFICANT ITEMS**

There were no significant items reported in the current financial period under review.

8. **DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities during the current financial period under review.

9. **DIVIDENDS PAID**

The final dividend of 20 sen (2009: Nil) per ordinary share less tax at 25% in respect of the financial year ended 31 March 2010 was paid on 22 October 2010.

10. SEGMENTAL REPORTING

Segmental information is presented in respect of the Group's reportable segments which are based on internal reports regularly reviewed by the entity's Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

Analysis of the Group's revenue and results are as follows:

	Financial period ended 31.12.2010					
	Malaysia		Overseas		Total	
	31.12.10 RM'million	31.12.09 RM'million	31.12.10 RM'million	31.12.09 RM'million	31.12.10 RM'million	31.12.09 RM'million
Revenue						
External sales	5,662.6	5,285.5	870.2	822.8	6,532.8	6,108.3
Inter-segment sales	(142.6)	(96.8)	(26.7)	(41.9)	(169.3)	(138.7)
Total revenue	5,520.0	5,188.7	843.5	780.9	6,363.5	5,969.6
Results						
Segment operating profit/(loss)	182.2	209.6	(69.2)	27.5	113.0	237.1

	31.12.10	31.12.09
Total profit for reportable segments	113.0	237.1
Share of results of associated companies and jointly controlled entities (net of tax)	21.4	10.9
Profit before taxation	134.4	248.0
Income taxes of Company and its subsidiary companies	(43.9)	(31.7)
Net profit after taxation	90.5	216.3

Included in total revenue from Malaysia are export sales of RM1,206.7 million during the current financial period under review.

11. PROPERTY, PLANT & EQUIPMENT

There were no changes to the valuation of property, plant and equipment since the previous audited financial statements.

12. MATERIAL SUBSEQUENT EVENTS

The Board is not aware of any material event or transaction during the current financial period under review to the date of this announcement, which affects substantially the results of the operations of the Group.

13. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group in the financial period under review.

14. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no material changes to the contingent liabilities as disclosed in the Audited Financial Statement for the financial year ended 31 March 2010.

15. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment and intangible assets approved by the Board but not provided for in the financial statements as at 31 December 2010 are as follows:

	RM '000
Contracted for	399,652
Not contracted for	2,789,464

16. **PERFORMANCE REVIEW**

Group profit before taxation for the nine months ended 31 December 2010 at RM134 million is lower than the profit of RM248 million posted in the corresponding period last year. The decline in profit is largely attributable to higher branding costs, as well as restructuring expenses incurred by Lotus Group International Limited ('LGIL"). As part of the transformation plans to turn around LGIL, the Group started investing in rationalisation of dealers network and branding activities to deliver the 5-year business plans.

17. **MATERIAL CHANGE IN THE RESULTS OF CURRENT QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER**

The Group registered a loss before taxation of RM52 million compared to a profit of RM81 million recorded in the immediate preceding quarter. During the quarter, the Group experienced lower domestic sales volume, as well as increased promotional and marketing spending by a principal subsidiary.

18. **COMMENTARY ON PROSPECTS**

The domestic car sales recorded a growth of 13% to hit an all-time high for the calendar year 2010 compared to last year. The Malaysian Automotive Association (MAA) expects total industry volume (TIV) to continue growing in calendar year 2011 at a rate of around 2% as positive trends continues.

The improved domestic market outlook and rising fuel prices augurs well for PROTON's core models. Coupled with the good response and delivery of the Inspira, our prospects for growing sales volume and increasing market share for the 4th quarter of the financial year ending 31 March 2011 are good.

19. **PROFIT FORECAST**

The Group did not issue any profit forecast or profit guarantee in respect of the financial period under review.

20. **INCOME TAX EXPENSE**

Income tax expense comprises of the following:

		Current quarter RM'000	Current to date RM'000
Taxation			
Malaysia	- current year provision	2,736	24,312
	- over provision in respect of prior year	(3,162)	(3,162)
Outside Malaysia		9,420	18,400
		8,994	39,550
Deferred Tax			
Malaysia		(429)	935
		8,565	40,485
Zakat		-	3,394
		8,565	43,879
Effective tax rate		-16.6%	30.1%

The negative effective tax rate for the current quarter reflects principally tax suffered by certain subsidiaries on profits which could not be relieved by losses from other Group companies.

The effective tax rate for the current financial quarter is higher than the statutory tax rate due to tax suffered by certain subsidiaries expressed as a percentage of the impaired Group profit and higher tax rate on profits earned by certain overseas subsidiaries.

21. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

(a) Total disposal of unquoted securities for the current financial period under review are as follows:

	Current quarter	Current to date
	RM'000	RM'000
Total sales proceeds	95	2,207
Total (loss)/profit on disposal	(1)	93

(b) On 20 December 2010, Proton Holdings Berhad entered into a Share Sale agreement for the disposal of its entire shareholding in Peps-JV (M) Sdn. Bhd.. As certain conditions precedent were not met, the disposal is deemed not completed hence no gain or loss is recognised in the current financial period under review. The disposal was subsequently completed in January 2011.

Except for the above, there were no other disposal of properties and non-current investments outside the ordinary course of business for the current financial period under review.

22. SALE OF QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the current financial period under review.

The adoption of FRS 139 has resulted in the Group's short term investment which consists of quoted securities classified under 'Financial assets at fair value through profit and loss' (FVTPL).

FVTPL are subsequently measured at fair value with gain or loss recognised in profit and loss. The category of financial assets is classified as current assets.

23. CORPORATE PROPOSALS

There were no coporate proposals announced but not completed at the date of this announcement.

24. GROUP BORROWINGS AND DEBT SECURITIES

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

	RM'000
Long Term Borrowings:	
Secured:	
Long term loans	19,148
Total Long Term Borrowings	19,148
Short Term Borrowings:	
Secured:	
Current portion of long term loans	19,148
Revolving credit	53,835
	72,983
Unsecured:	
Bridging loan	126,544
Bankers' acceptances	146,650
Revolving credit	31,116
	304,310
	377,293
Total Borrowings	396,441

The currency profile of borrowings is as follows:

	RM'000
Functional Currency	
Ringgit Malaysia	146,650
Pounds Sterling	249,791
Total	396,441

25. REALISED AND UNREALISED PROFITS DISCLOSURE

Total Group's realised and unrealised profits are as follows:

	As at 31.12.2010 RM'000
Total retained profits/(accumulated losses) of PROTON and its subsidiaries:	
- realised	4,278,542
- unrealised	(210,954)
	4,067,588
Total share of retained profits/(accumulated losses) from associated companies:	
- realised	241,249
- unrealised	(778)
	240,471
Total share of retained profits/(accumulated losses) from jointly controlled entities:	
- realised	73,389
- unrealised	(5,349)
	68,040
Total Group retained profits as per consolidated accounts	4,376,099

25. DERIVATIVE FINANCIAL INSTRUMENTS

The outstanding forward foreign currency contracts as at 31 December 2010 were as follows:

Currency	Contract Amounts '000	Equivalent Amount in RM'000	Expiry Dates
Payables			
Japanese Yen	1,275,665	48,157	7/01/11 - 26/01/11

Forward foreign exchange contracts are entered into with licensed banks to hedge certain portion of the Group's payables and receivables from exchange rates movements. As the exchange rates are pre-determined under such contracts, in the event of exchange rates movement, exposure to opportunity gain/(loss) is expected. Given that the contracts are entered into licensed banks, we are of the view that credit risk and counterparty risk are minimal. Apart from a small fee payable to the banks there are no cash requirements for the forward contracts.

26. CHANGES IN MATERIAL LITIGATION

As reported in the audited financial statements for the financial ended 31 March 2010, a distributor instituted arbitration proceedings against a subsidiary company as a result of the termination of its distributorship. Claimant claimed USD9.9million (RM32.3 million) plus general damages and interest. The Final Award was released on 30 October 2006 wherein the Claimant's claim against the Respondent has been dismissed. The distributor has filed an action in court to set aside the arbitration award.

On 24 September 2010, the distributor's action in court to set aside the arbitration award was dismissed with costs.

Other than the above, there were no other changes in the material litigations since the last announcement.

27. DIVIDEND

The Board does not recommend any interim dividend declared for the financial period ended 31 December 2010.

28. EARNINGS PER SHARE ("EPS")

Basic EPS

The basic earnings per share is calculated on the net profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares as at 31 December 2010.

	Current quarter RM'000	Current to date RM'000
Net (loss)/profit attributable to equity holders (RM'000)	(60,100)	90,500
Weighted average number of shares ('000)	549,213	549,213
Earnings per share (sen)	(10.9)	16.5

Diluted EPS

Diluted EPS is not applicable as at 31 December 2010 as there are no dilutive potential ordinary shares.

BY ORDER OF THE BOARD
LEE SIEW YOKE
COMPANY SECRETARY
Shah Alam, 25 February 2011