

HOCK LOK SIEW CORPORATION BHD

(Company No: 463440-X)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2010 (The figures have not been audited)

	3 MONTHS ENDED		3 MONTHS ENDED	
	31.3.10 RM'000	31.3.09 RM'000 Not restated	31.3.10 RM'000	31.3.09 RM'000 Not restated
Revenue	4,163	5,293	4,163	5,293
Operating expenses	(4,150)	(6,144)	(4,150)	(6,144)
Other operating income	111	52	111	52
Profit/ (Loss) from operations	<u>124</u>	<u>(799)</u>	<u>124</u>	<u>(799)</u>
Finance cost	(53)	(61)	(53)	(61)
Profit/ (Loss) before taxation	<u>71</u>	<u>(860)</u>	<u>71</u>	<u>(860)</u>
Taxation	-	-	-	-
Profit/ (Loss) for the period	<u><u>71</u></u>	<u><u>(860)</u></u>	<u><u>71</u></u>	<u><u>(860)</u></u>
Attributable to:				
Equity holders of the Company	71	(860)	71	(860)
Minority interest	-	-	-	-
	<u><u>71</u></u>	<u><u>(860)</u></u>	<u><u>71</u></u>	<u><u>(860)</u></u>
Basic earnings/ (loss) per share attributable to equity holders of the Company based on weighted average number of shares in issue (sen)	<u>0.08</u>	<u>(1.06)</u>	<u>0.08</u>	<u>(1.06)</u>
Diluted earnings per share (sen)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009.

(Company No: 463440-X)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 MARCH 2010
(The figures have not been audited)

	3 months ended	
	31.3.10 RM'000	31.3.09 RM'000 Not restated
Cash flows from operating activities		
Profit/ (Loss) before taxation	71	(860)
Adjustments for :		
- Non-cash items	237	263
- Non-operating items	53	61
Operating profit/ (loss) before working capital changes	361	(536)
Inventories	(724)	1,888
Receivables	248	1,694
Payables	(20)	(2,646)
Cash (used in)/ generated from operations	(135)	400
Interest paid	(53)	(61)
Income tax paid	(10)	2
Net cash (used in)/ from operating activities	(198)	341
Cash flows from investing activities		
Interest received	-	-
Purchase of property, plant and equipment	(8)	(759)
Net cash used in investing activities	(8)	(759)
Cash flows from financing activities		
Director's account	770	(370)
Proceeds from conversion of warrants	-	447
Borrowings	(283)	(57)
Net cash from financing activities	487	20
Net increase/ (decrease) in cash and cash equivalents	281	(398)
Cash and cash equivalents at beginning	(341)	132
Cash and cash equivalents at end	(60)	(266)
Represented by:		
Cash and bank balances	51	-
Fixed deposits with a licensed bank	-	-
Bank overdrafts	(111)	(266)
	(60)	(266)

Note

HOCK LOK SIEW CORPORATION BHD

(Company No: 463440-X)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010 (The figures have not been audited)

	As At 31.3.10 RM'000	(Audited) As At 31.12.09 RM'000 Not restated
ASSETS		
Non-current assets		
Property, plant and equipment	9,094	9,323
Investment properties	892	892
Other Investments	-	2,665
Available for sale investments	2,555	-
	<u>12,541</u>	<u>12,880</u>
Current assets		
Inventories	4,859	4,135
Trade receivables	5,003	4,699
Other receivables	4,910	5,462
Tax recoverable	19	9
Fixed deposits with a licensed bank	54	54
Cash and bank balances	51	46
	<u>14,896</u>	<u>14,405</u>
TOTAL ASSETS	<u>27,437</u>	<u>27,285</u>
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the Company		
Share capital	45,502	45,502
Reserves	(110)	-
Accumulated losses	(30,736)	(30,807)
Total equity	<u>14,656</u>	<u>14,695</u>
Non-current liabilities		
Deferred tax liabilities	<u>254</u>	<u>254</u>
Current liabilities		
Trade payables	3,686	3,457
Other payables	1,272	1,521
Provision for liabilities	1,750	1,750
Amount owing to a director	1,310	540
Borrowings	4,509	5,068
	<u>12,527</u>	<u>12,336</u>
Total liabilities	<u>12,781</u>	<u>12,590</u>
TOTAL EQUITY AND LIABILITIES	<u>27,437</u>	<u>27,285</u>
Net assets per share (RM)	0.161	0.161

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009.

HOCK LOK SIEW CORPORATION BHD

(Company No: 463440-X)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2010 (The figures have not been audited)

	3 MONTHS ENDED		3 MONTHS ENDED	
	31.3.10 RM'000	31.3.09 RM'000 Not restated	31.3.10 RM'000	31.3.09 RM'000 Not restated
Profit/ (Loss) for the period	71	(860)	71	(860)
Available for sale investments' fair value movement	(110)	-	(110)	-
Total comprehensive income	<u>(39)</u>	<u>(860)</u>	<u>(39)</u>	<u>(860)</u>
Total comprehensive income attributable to: Equity holders of the Company	(39)	(860)	(39)	(860)
Minority interest	-	-	-	-
	<u>(39)</u>	<u>(860)</u>	<u>(39)</u>	<u>(860)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009.

HOCK LOK SIEW CORPORATION BHD

(Company No: 463440-X)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2010 (The figures have not been audited)

-- Attributable to the equity holders of the Company --

	Share Capital RM'000	Non- Distributable Fair Value Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
<u>3 months ended 31.3.10</u>				
Balance as at 1 January 2010	45,502	-	(30,807)	14,695
Fair value loss	-	(110)	-	(110)
Profit for the period	-	-	71	71
Balance as at 31 March 2010	<u>45,502</u>	<u>(110)</u>	<u>(30,736)</u>	<u>14,656</u>

12 months ended 31.12.09 (Audited) Not restated

Balance as at 1 January 2009	40,588	-	(24,104)	16,484
Issuance of share - Conversion of warrants	4,914	-	-	4,914
Loss for the period	-	-	(6,703)	(6,703)
Balance as at 31 December 2009	<u>45,502</u>	<u>-</u>	<u>(30,807)</u>	<u>14,695</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009.

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**PART A – Explanatory Notes pursuant to Financial Reporting Standard 134 on
“Interim Financial Reporting”**

A1. Accounting Policies and Method of Computation

Basis of preparation

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing requirements of Bursa Malaysia Securities Berhad.

The interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements for the year ended 31 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 Hock Lok Siew Corporation Bhd (“HLS Corp”) and its subsidiaries namely, Foremost Audio Sdn. Bhd. (“FASB”), HLS Manufacturing & Trading Sdn. Bhd. (“HLSM”), and HLS Properties Sdn. Bhd. (“HLSP”), (hereinafter referred to as the “Group”) since the financial year ended 31 December 2009.

A2. Significant Accounting Policies

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the financial year ended 31 December 2009 except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and interpretations with effect from 1 January 2010.

FRSs, Amendments to FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010

Other than the new standards as stated above, the Group has also adopted the various amendments and interpretations to the existing standards adopted by the Group in the past.

The adoption of the above standards, amendments and interpretations do not have significant impact on the financial statements of the Group, other than as explained below:

- (a) FRS 8: Operating Segments (FRS 8)
FRS 8 requires segment information to be presented on a similar basis to 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. This standard does not have any impact on the financial position and results of the Group.
- (b) FRS 101 (revised), Presentation of Financial Statements
The Group applies revised FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per ordinary share.
- (c) FRS 123, Borrowing Costs
Before 1 January 2010, borrowing costs were expensed to profit or loss as and when they were incurred. With the adoption FRS 123, the Group capitalises borrowing costs that are directly attributable to the acquisition, construction and production of a qualifying asset as part of the cost of the asset for which the commencement date of capitalization is on or after 1 January 2010. The change in accounting policy has been applied prospectively in accordance with the transitional provisions of FRS 123. Hence the adoption of FRS 123 does not affect the basic and diluted earnings per ordinary share
- (d) FRS 139: Financial Instruments - Recognition and Measurement (FRS 139)
FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and short-term deposits, loans and receivables and AFS investments.

- (i) Loans and receivables
Prior to 1 January 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 value and subsequently at amortised cost using the effective interest rate (EIR) method. Gains and losses arising from the derecognition of the loans and receivables, EIR amortisation and impairment losses are recognised in the income statement.

(ii) Available for sale (“AFS”)

Prior to 1 January 2010, AFS financial assets such as investments were accounted for at cost adjusted for amortisation of premium and accretion of discount less impairment or at the lower of cost and market value, determined on an aggregate basis. Under FRS 139, AFS financial asset is measured at fair value initially and subsequently with amortisation of premium with accretion of discount and other accrual of income recognized in income statement and with unrealised gains or losses recognised as other comprehensive income in the fair value reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement or determined to be impaired, at which time the cumulative loss is recognised in the income statement and removed from the fair value reserve.

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables and borrowings.

In accordance with the transitional provisions of FRS 139, when the above changes are first applied, the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the Statement of Financial Position as at 1 January 2010.

	As at 1 January 2010
	RM'000
Decrease in Other Investments	(2,665)
Increase in AFS investments	2,665

A3. Audit Report of the Preceding Annual Financial Statements

The audit report of the Group's preceding year's annual financial statements for the year ended 31 December 2009 was not qualified.

A4. Seasonality or Cyclicity of Operations

The business operations of the Group are affected by the cyclical factors in the speakers manufacturing industry whereby major part of the invoicing and deliveries typically takes place towards later part of the financial year.

A5. Exceptional or Unusual Items

There were no exceptional items reported in the financial statements during the quarter ended 31 March 2010.

A6. Changes in Estimation

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current financial quarter.

A7. Changes in Debt and Equity Securities

There was no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter ended 31 March 2010.

A8. Dividends

There was no dividend paid or declared during the current financial quarter ended 31 March 2010.

A9. Segmental Reporting

31/3/ 2010

	Manufacturing	Trading	Other	Total
	RM'000	RM'000	RM'000	RM'000
Revenue	3,594	569	-	4,163
Inter-segment revenue	-	-	-	-
Revenue from external customers	3,594	569	-	4,163

	Manufacturing	Trading	Other	Total
	RM'000	RM'000	RM'000	RM'000
Operating profit	83	34	7	124
Finance cost	(53)	-	-	(53)
Income tax expense	-	-	-	-
Profit/ (Loss) for the period	30	34	7	71

31/3/ 2009

	Manufacturing	Trading	Other	Total
	RM'000	RM'000	RM'000	RM'000
Revenue	5,293	-	-	5,293
Inter-segment revenue	-	-	-	-
Revenue from external customers	5,293	-	-	5,293

	Manufacturing	Trading	Other	Total
	RM'000	RM'000	RM'000	RM'000
Operating loss	(705)	(70)	(24)	(799)
Finance cost	(61)	-	-	(61)
Income tax expense	-	-	-	-
Profit/ (Loss) for the period	(766)	(70)	(24)	(860)

A10. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward, without amendment from the most recent annual financial statements.

A11. Material Events Subsequent to the End of the Current Interim Period

There was no material events subsequent to the end of the period reported at the date of issuance of this report.

A12. Effect of Changes in Composition of the Group

There were no changes in the composition of the Group for the current financial quarter and financial year to-date including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuing operations.

A13. Changes in Contingent Liabilities and Contingent Assets Since the Last Balance Sheet Date

The Company has issued corporate guarantee amounting to RM5.50 million (as at 31.12.2009: RM5.50 million) to a financial institution for banking facilities granted to FASB of which approximately RM5.208 million (as at 31.12.2009: RM5.068 million) has been utilised as at 31 March 2010.

There were no further material contingent liabilities since the date of the last balance sheet date.

A14. Capital commitment

1. The Company has entered into a Sale and Purchase Agreements dated 3 December 2009 with Duro Metal Industrial (M) Sdn. Bhd. to acquire the following properties for the respective total consideration:
 - a) All that piece of freehold land known as Lot No. 271, Pekan Kajang, Daerah Ulu Langat, Selangor comprised in Geran No. 112483 measuring approximately 209 square metres with premises erected thereon bearing Assessment No. 17 Jalan Balakong Jaya 5, Taman Industri Balakong Jaya, 43300 Kajang, Selangor for RM375,000.00; and
 - b) All that piece of freehold land known as Lot No. 272, Pekan Kajang, Daerah Ulu Langat, Selangor comprised in Geran No. 112484 measuring approximately 209 square metres with premises erected thereon bearing Assessment No. 19 Jalan Balakong Jaya 5, Taman Industri Balakong Jaya, 43300 Kajang, Selangor for RM375,000.00.
2. On 28 December 2009, The Company has entered into a Sale and Purchase Agreements with Duro Metal Industrial (M) Sdn. Bhd. to acquire all that piece of land known as lot No.17027, Mukim Setul, Daerah Seremban, Negeri Sembilan comprised in Geran No.135582 measuring approximately 279 square metres with premises erected thereon for a consideration of RM150,000.

Part B – Additional Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of the Performance of the Company and its Principal Subsidiaries

	3 months ended		3 months ended	
	31/3/2010 RM'000	31/3/2009 RM'000	31/3/2010 RM'000	31/3/2009 RM'000
Revenue	<u>4,163</u>	<u>5,293</u>	<u>4,163</u>	<u>5,293</u>
Profit/ (Loss) before tax	<u>71</u>	<u>(860)</u>	<u>71</u>	<u>(860)</u>

The Group recorded revenue of RM4.163 million for the current quarter. This represents a decrease of 21.35% as compared to that of the previous year's corresponding quarter. The decrease in revenues was mainly due to phasing out of the existing models of one of our main customer. The Company is currently at the final stage of the development of new models with the said customer of which mass production is expected to start in the second quarter of this year.

The profit before tax of RM71,000 for the current quarter was mainly due to operating improvements made during the quarter.

B2. Material Changes in Quarterly Results of the Current Quarter as compared to the Results of the Immediate Preceding Quarter

	3 months ended	
	31/3/2010 RM'000	31/12/2009 RM'000
Profit/ (Loss) before tax	<u>71</u>	<u>(1,875)</u>

The current quarter recorded a profit before tax of RM71,000 as compared to a loss in the immediate preceding quarter of RM1.875 million. This was mainly due to due to operating improvements made during the quarter.

B3. Prospects

The speakers industry is greatly affected by the global economy slow down in the year 2009. While there are signs of recovery in the 2010, the global outlook remains cautious. As the Group is seeking alternative business strategies and is aggressively taking initiatives to diversify, the Board of Directors expects to see improvements in its operations throughout the year.

The Board of Directors wishes to draw attention to the recent legal suit with Maybank. In the event that judgment is not in favour of the Company, the Company is exposed to the losses resulted from the above claim, interest and legal cost in respect from the Writ of Summons. The amount involved is expected to have a major impact on HLS Corp Group's cash flow position. However, based on the legal opinions, the Board of Directors is confident that the Company has good defence on merit to resist Maybank's action.

B4. Variance of Actual Profit from Forecast Profit and Profit Guarantee

Not applicable.

B5. Taxation

Taxation comprises:

	3 months ended		3 months ended	
	31/3/2010	31/3/2009	31/3/2010	31/3/2009
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- Under provision in prior year	-	-	-	-

There is no taxation charge in the current quarter as the Group has no chargeable income.

B6. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties outside the ordinary course of the Group's business for the quarter ended 31 March 2010.

B7. Purchase or Disposal of Quoted Securities

There were no purchases or disposal of quoted securities for the quarter ended 31 March 2010.

Total investments in quoted securities are as follows:

	RM'000
At cost	<u>2,630</u>
At carrying value	<u>2,520</u>
At market value as at 31 March 2010	<u>2,520</u>

B8. Status of Corporate Proposals

Save as disclosed below, there are no other outstanding corporate exercise which have been announced but not yet completed as at 31 March 2010:

Affin Investment Bank Bhd ("Affin") had on 20 April 2004, announced on behalf of HLS Corp that the Company proposes to undertake a private placement of 8,770,000 new ordinary shares of RM1.00 each in the Company ("Placement Shares"), representing 20% of the issued and paid-up share capital of HLS Corp as at 31 March 2004 ("Private Placement"). The Placement Shares were listed on 16 September 2004, 29 September 2004 and 6 October 2004. However, among the conditions imposed by the SC for the approval of the Private Placement was, HLS Corp was to allocate at least 30% of the Placement Shares to Bumiputra investors, or increase its Bumiputra equity by 5.38% of the enlarged issued and paid-up share capital within two (2) years from the date of the Private Placement.

As at 31 March 2010, HLS Corp had only allocated 25% of the Placement Shares to Bumiputra investors.

B9. Borrowings and Debt Securities

Total Group borrowings as at 31 March 2010 were as follows:

	RM'000
Short Term – Unsecured	
Bank overdrafts	111
Bankers acceptance	4,398
	<u>4,509</u>

There were no borrowings or debt securities denominated in foreign currencies.

B10. Off Balance Sheet Financial Instruments

As at 31 March 2010, no forward exchange contracts were entered into by the Group.

B11. Material Litigation

As at 31 March 2010 not earlier than 7 days from the date of issue of this quarterly report, the Group is engaged in the following material litigations:-

	Plaintiff(s)	Defendant(s)	Court Reference	Status as at 31 March 2010
1	Gan Seng Biang	HLS Corp, KKAA, Dato' Mohammed Radzi @ Mohd Radzi bin Manan, Siow You & IPO Corporation Sdn Bhd	Kuala Lumpur High Court Suit No. D1-22-1947-2002	<p>Gan Seng Biang has filed a claim for a liquidated sum of RM665,142 plus interest 10% per annum in respect of a corporate guarantee issued by the Company over specific performance of the tenancy agreement previously signed by Kenn Kenn Auto Accessories & Services Sdn. Bhn. ("KKAA").</p> <p>On 25 November 2009, the Court has allowed the Plaintiff's claims against HLS Corp as follows:-</p> <p>a. Arrears of rental until 25 July 2003;</p> <p>b. 8% of interest from the date of the Writ of Summons till the date of realisation;</p> <p>c. Costs of RM50,000-00 to the Plaintiff; and</p> <p>d. Costs of RM10,000-00 to the 3rd Defendant.</p> <p>Nonetheless, the claims for damages were not allowed by the Court.</p>

	Plaintiff(s)	Defendant(s)	Court Reference	Status as at 31 March 2010
				<p>The Company had filed to appeal against the said decision and validity of the corporate guarantee as to the best of the Company's knowledge and records, HLSCORP has not issued any corporate guarantee in favour of Gan Seng Biang. The case is now fixed case management before Assistant Registrar on 31 May 2010.</p> <p>The Company had also filed to the High Court for stay of execution of Judgment.</p>
2	HLS Properties Sdn Bhd ("HLSP") (formerly known as Vintage Consortium Sdn. Bhd.)	Fabina Properties Sdn. Bhd. ("Fabina")	Kuala Lumpur High Court Suit No. D3-22-774-2006	<p>HLSP filed a legal suit to recover RM5.5 million (with interest) or alternatively RM4.0 million (without interest) from Fabina being the loan granted to Fabina by HLSP. Fabina filed a defence and counter claimed for declarations that the loan granted is void and unenforceable, and damages to be assessed.</p> <p>On 3 December 2009, the Company entered into a Settlement Agreement with Fabina for the settlement of disputes and differences arisen in respect of and in connection with a loan agreement dated 2 September 2002, a supplemental agreement dated 5 September 2002, a project management services agreement dated 5 November 2002 and a debenture dated 1 October 2002, all executed between Fabina and HLSPROP.</p> <p>Pending the approval from the Company's shareholders on the said settlement, the matter is now fixed for mention on 22 July 2010.</p>
3	Fabina Properties Sdn. Bhd. ("Fabina")	HLS Properties Sdn Bhd ("HLSP") (formerly known as Vintage	Kuala Lumpur High Court Suit No. D3-22-1846-2006	Fabina commenced action vide Kuala Lumpur High Court seeking declaration that the appointment of Receivers and Managers pursuant to the Debenture provided by Fabina is void and sought an injunction against the

	Plaintiff(s)	Defendant(s)	Court Reference	Status as at 31 March 2010
		Consortium Sdn. Bhd.)		<p>appointed Receivers and Managers from acting or holding out as such.</p> <p>On 3 December 2009, the Company entered into a Settlement Agreement with Fabina as mentioned above. Pending the approval from the Company's shareholders on the said settlement, the matter is now fixed for mention on 22 July 2010.</p>
4	Malayan Banking Berhad ("Maybank")	HLS Corp	Penang High Court, Civil Suit No.: 22-752-2009	<p>On 6 January 2010, the Company had been served with a Writ of Summons dated 30 November 2009 in respect of a suit filed by Maybank through a firm of lawyers acting on behalf of Maybank for failure to repay Maybank the total sum of RM31,114,10184 with interest as agreed on 1 March 2009 until full payment is made, of which was the amount provided by corporate guarantees of the Company which the Company has no knowledge or records thereof.</p> <p>The Company had filed in its defence together with an application to strike out the Writ of Summons and Statement of Claim from Maybank. The application to strike out the Writ of Summons and Statement of Claim from Maybank is now fixed for hearing on 11 June 2010.</p>

B12. Earnings/ (Loss) Per Share

Basic earnings/ (loss) per share is calculated by dividing profit/ (loss) for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue as at 31 March 2010.

	3 months ended		3 months ended	
	31/3/2010	31/3/2009	31/3/2010	31/3/2009
Profit/ (loss) for the period attributable to the equity holders of the Company (RM'000)	71	(860)	71	(860)
Weighted average number of shares in issue during the quarter / year to date ('000)	91,005	81,264	91,005	81,264
Basic earnings/ (loss) per share attributable to the equity holders of the Company (sen)	0.08	(1.06)	0.08	(1.06)

Diluted earning per share has not been computed as the effect of the assumed conversion of warrants over shares is anti-dilutive in nature.

By Order of the Board

NG KIM WENG
MANAGING DIRECTOR

21st May 2010