

**JOTECH HOLDINGS BERHAD** (Company No. 334818-P)  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2007**

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 31.12.2007 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2006 RM'000</b>	<b>Current Year To Date 31.12.2007 RM'000</b>	<b>Preceding Year Corresponding Period 31.12.2006 RM'000</b>
Revenue	40,476	54,951	168,125	233,872
Cost of sales	(32,286)	(47,493)	(137,450)	(199,610)
Gross profit	8,190	7,458	30,675	34,262
Operating expenses	(26,360)	(5,958)	(41,331)	(23,585)
Other operating income	207	69	1,731	1,028
(Loss)/Profit from operations	(17,963)	1,569	(8,925)	11,705
Interest expense	(917)	(1,119)	(4,474)	(4,706)
Interest income	119	19	298	102
(Loss)/Profit before taxation	(18,761)	469	(13,101)	7,101
Tax expense	(800)	(289)	(1,810)	(1,693)
(Net loss)/Net profit for the period/year	(19,561)	180	(14,911)	5,408
Attributable to :				
Equity holders of the parent	(19,529)	187	(14,921)	5,260
Minority interests	(32)	(7)	10	148
(Net loss)/Net profit for the period/year	(19,561)	180	(14,911)	5,408
(Loss)/Earnings per share (sen):				
- Basic	(2.30)	0.027	(1.99)	0.802
- Diluted	(2.20)	0.027	(1.96)	0.800

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report of the Group for the year ended 31 December 2006)

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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>AS AT 31.12.2007 RM'000</b>	<b>AS AT 31.12.2006 RM'000 (Restated)</b>
<b>Non-current assets</b>		
Property, Plant and Equipment	48,232	73,293
Investment Properties	-	1,648
Prepaid Lease Payments	3,788	5,227
Intangible assets	1,939	7,779
Deferred Tax Assets	-	1,999
	<u>53,959</u>	<u>89,946</u>
<b>Current Assets</b>		
Assets held for sale	45,193	-
Inventories	16,828	42,625
Trade and other receivables	18,933	53,557
Tax recoverable	862	1,063
Other investments	-	2,500
Cash and cash equivalents	17,818	19,994
	<u>99,634</u>	<u>119,739</u>
<b>TOTAL ASSETS</b>	<u>153,593</u>	<u>209,685</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share Capital	92,430	71,783
Reserves	620	16,701
Total Shareholders' Equity	<u>93,050</u>	<u>88,484</u>
Minority interests	5,779	6,377
Total Equity	<u>98,829</u>	<u>94,861</u>
<b>Non-current liabilities</b>		
Borrowings	22,588	8,543
Deferred tax liabilities	1,989	4,769
	<u>24,577</u>	<u>13,312</u>
<b>Current Liabilities</b>		
Trade and other payables	15,193	35,501
Short term borrowings	14,459	65,534
Provision for taxation	535	477
	<u>30,187</u>	<u>101,512</u>
<b>Total liabilities</b>	<u>54,764</u>	<u>114,824</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>153,593</u>	<u>209,685</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.10	0.12 <sup>^</sup>

<sup>^</sup> - Restated with adjustment made in accordance with subdivision of every one (1) share at RM1.00 into ten (10) sub-divided share at RM0.10 carried out in the fourth quarter 2006.

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report of the Group for the year ended 31 December 2006)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>CURRENT YEAR TO DATE 31.12.2007 RM'000</b>	<b>PRECEDING YEAR TO DATE 31.12.2006 RM'000</b>
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation	(13,101)	7,102
Adjustments for :		
Impairment of investment in redeemable preference shares	19,000	-
Allowance for doubtful debts	2,880	-
Reversal of allowance for diminution in value	-	(61)
Investment in sub-ordinated bond written down	1,100	1,500
Depreciation and amortisation	8,509	8,849
Interest expense	4,474	4,706
Loss on disposal of other investment	-	56
Dividend income	(23)	(22)
Loss/(Gain) on disposal of property, plant and equipment	41	(430)
Gain on disposal of a subsidiaries	(840)	-
Interest income	(298)	(102)
Operating profit before working capital changes	21,742	21,598
Changes in working capital :		
Net change in current assets	12,849	(11,424)
Net change in current liabilities	(3,686)	4,021
Cash generated from operations	30,905	14,195
Taxes paid	(1,407)	(1,129)
Net cash generated from operating activities	29,498	13,066
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(6,890)	(15,824)
Acquisition of minority interest	-	(4,200)
Dividends received	24	22
Interest received	298	102
Net cash effects from disposal of investments	(416)	89
Proceeds from disposal of property, plant and equipment	60	741
Proceeds from redemption of sub-ordinated bond	1,400	-
Net cash used in investing activities	(5,524)	(19,070)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**

	<b>CURRENT YEAR TO DATE 31.12.2007 RM'000</b>	<b>PRECEDING YEAR TO DATE 31.12.2006 RM'000</b>
<b>Cash flows from financing activities</b>		
Interest paid	(4,368)	(4,706)
Dividend paid	(1,574)	(930)
Drawdown of loans and other borrowings	38,396	41,836
Repayment of borrowings	(67,678)	(36,844)
Proceeds from issue of shares	22,707	7,764
Share issue expenses	(715)	(283)
Net cash used in financing activities	(13,232)	6,837
Net increase in cash and cash equivalents	10,742	833
Effect of exchange rate fluctuations on cash held	(81)	123
Cash and cash equivalents at beginning of year	19,994	19,037
Cash and cash equivalents at end of year (Note 1)	30,655	19,994
<i>Note 1:</i>		
Cash and cash equivalents comprise of:		
Cash and bank balances	17,818	19,037
Cash and bank balances as held for sale	12,837	-
	30,655	19,037

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report of the Group for the year ended 31 December 2006)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<i>Non-Distributable</i>			<i>Distributable</i>		<b>Minority Interest RM'000</b>	<b>Total RM'000</b>
	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Exchange Fluctuation Reserve RM'000</b>	<b>Retained Profits RM'000</b>	<b>Sub-total RM'000</b>		
At 1 January 2007	71,783	956	(130)	15,875	88,484	6,377	94,861
Issue of shares:							
- Exercise of share options	107	6	-	-	113	-	113
- Right Issue	20,540	2,054	-	-	22,594	-	22,594
Disposal of a subsidiary	-	-	(70)	-	(70)	(391)	(461)
Net gain/(loss) not recognised in the consolidated income statement							
- Exchange differences on translation of financial statements of foreign entities	-	-	(861)	-	(861)	(217)	(1,078)
Share issue expenses	-	(715)	-	-	(715)	-	(715)
Dividend paid	-		-	(1,574)	(1,574)	-	(1,574)
Net profit for the year	-	-	-	(14,921)	(14,921)	10	(14,911)
At 31 December 2007	<u>92,430</u>	<u>2,301</u>	<u>(1,061)</u>	<u>(620)</u>	<u>93,050</u>	<u>5,779</u>	<u>98,829</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

	<i>Non-Distributable</i>			<i>Distributable</i>		<b>Minority Interest RM'000</b>	<b>Total RM'000</b>
	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Exchange Fluctuation Reserve RM'000</b>	<b>Retained Profits RM'000</b>	<b>Sub-total RM'000</b>		
At 1 January 2006	64,600	658	173	11,545	76,976	9,757	86,733
Net gain/(loss) not recognised in the consolidated income statement							
- Exchange differences on translation of financial statements of foreign entities	-	-	(303)	-	(303)	(203)	(506)
Share issuance							
- private placement	6,460	517	-	-	6,977	-	6,977
- ESOS exercised	723	64	-	-	787	-	787
Share issue expenses	-	(283)	-	-	(283)	-	(283)
Dividend paid	-	-	-	(930)	(930)	-	(930)
Acquisition of minority interest	-	-	-	-	-	(3,325)	(3,325)
Net profit for the year	-	-	-	5,260	5,260	148	5,408
At 31 December 2006	<u>71,783</u>	<u>956</u>	<u>(130)</u>	<u>15,875</u>	<u>88,484</u>	<u>6,377</u>	<u>94,861</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report of the Group for the year ended 31 December 2006).

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**NOTES TO THE INTERIM FINANCIAL REPORT**

**A1. Basis of preparation**

The interim financial report is unaudited and has been prepared in compliance with FRS 134, Interim Financial Reporting and Chapter 9 part K of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2006.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2006 except for the adoption of the following new Financial Reporting Standards (“FRS”) issued by MASB that are effective for financial year beginning 1 January 2007:-

FRS 117    Leases  
FRS 124    Related Party Disclosures

The adoption of the above standards does not have material impact to the financial position of the Group. The principal effects of the changes in accounting policy resulting from the adoption of the FRS 117 are disclosed under Notes A1.1 below.

**A1.1 CHANGES IN ACCOUNTING POLICIES**

With the adoption of FRS 117, Leases which is applicable for annual period commencing on 1 January 2007, the resulting changes in the accounting policies are as follows:-

FRS 117, Leases

The Group had previously classified leasehold land as property within its property, plant and equipment. Upon the adoption of FRS 117, Leases, the Group treats such leases as operating leases, with the carrying amount classified as prepaid lease payments in accordance with the provision in FRS 117. The prepaid lease payments are amortised on a straight-line basis over the lease term.

The effect of the reclassification is summarized in Note A2 below.

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**A2. Comparatives**

The following comparative amounts have been restated due to the adoption of the FRS 117:

	As previously reported	Reclassification	As Restated
	RM'000	RM'000	RM'000
As at 31 December 2006			
Property, Plant and Equipment	78,520	(5,227)	73,293
Prepaid Lease Payments	-	5,227	5,227

**A3. Qualified audit report**

The preceding financial statements for the year ended 31 December 2006 were reported on without any qualification.

**A4. Seasonal or cyclical factors**

There were no material seasonal or cyclical factors affecting the performance of the Group for the year ended 31 December 2007.

**A5. Unusual items affecting assets, liabilities, equity, net income or cash flows**

In the previous financial quarter, the Company announced the disposal of a wholly owned subsidiary, Cabletron (M) Sdn Bhd ("CMSB") in which Cabletron Electronics (M) Sdn Bhd ("CESB"), a wholly owned subsidiary of Jotech entered into Share Sale Agreement ("SSA") with Next Hub (M) Sdn Bhd for the disposal of the entire equity interest or 10,000 ordinary shares of RM1.00 each in CMSB, for a total cash consideration of RM10,000 on 25 July 2007. Subsequent to the disposal, the Company classifies the RM19 million investment in redeemable preference shares ("RPS") in CMSB as other investment of the Group.

An impairment of the RM19.0 million RPS was made in the current quarter on prudence ground as its recoverability could not be established with certainty.

Save as disclosed above, there was no material unusual item affecting the Group for the year ended 31 December 2007.

**A6. Material changes in estimates**

There were no material changes in estimates in the prior financial year which have a material effect in the period ended 31 December 2007.



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**A7. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of the Company's debt or equity securities for the period ended 31 December 2007, except for the followings :-

- (i) the issuance of 1,070,000 ordinary shares of RM0.10 each in relation to the Company's Executive Share Option Scheme ("ESOS") in the first quarter 2007.
- (ii) during the financial quarter, the Company issued 205,400,000 new ordinary shares of RM0.10 each ("right shares") together with 205,400,000 free warrants at an issue price of RM0.11 ("warrants") determined on a renounceable basis of two (2) rights shares with two (2) warrants for every seven (7) existing ordinary shares of RM0.10 each in Jotech held by the entitled shareholders on the entitlement date of 17 October 2007. The rights shares and warrants were quoted on the Second Board of Bursa Malaysia Securities Berhad on 20 November 2007.

**A8. Dividend paid**

Since the end of the previous financial year, the Company paid a first and final dividend of 0.3 sen less tax (2006: 0.2 sen less tax) per ordinary share amounting to RM1.57 million (2006: RM0.93 million) in respect of financial year ended 31 December 2006 on 15 August 2007 to depositors registered in the Records of Depositors at the close of business on 1 August 2007.

**A9. Segmental information**

Segmental information is presented in respect of the Group's business segment. Inter-segment pricing is determined based on a negotiated basis.

	Investment Holding RM'000	Precision Stamping & Machining RM'000	Semiconductor Tooling & Automation RM'000	Electronics RM'000	Eliminations RM'000	Total RM'000
External Revenue	111	136,875	13,576	17,563	-	168,125
Inter-segment Revenue	2,059	5,350	72	362	(7,843)	-
<b>Total Revenue</b>	<b>2,170</b>	<b>142,225</b>	<b>13,648</b>	<b>17,925</b>	<b>(7,843)</b>	<b>168,125</b>
<b>Segment Result</b>	<b>(24,050)</b>	<b>16,525</b>	<b>990</b>	<b>(2,390)</b>	<b>-</b>	<b>(8,925)</b>
Interest expense						(4,474)
Interest income						298
Loss before taxation						(13,101)
Taxation						(1,810)
Net Loss						(14,911)
Minority interests						(10)
<b>Loss attributable to equity holders of the parent</b>						<b>(14,921)</b>

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**A10. Valuation of property, plant and equipment**

The Group accounts its property, plant and equipment at cost less accumulated depreciation and does not adopt a policy to revalue its property, plant and equipment.

**A11. Material events subsequent to the end of the interim period**

Except as mentioned in Note B8, there have been no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current year.

**A12. Changes in composition of the Group**

On 25 July 2007, the Company announced the disposals of entire equity interests in wholly owned subsidiaries, Cabletron (M) Sdn Bhd ("CMSB"), Assets 88 Sdn Bhd ("ASB"), Star Annexe Sdn Bhd ("SASB"), and Palladine (M) Sdn Bhd ("PMSB"):-

- (i) On 25 July 2007, Cabletron Electronics (M) Sdn Bhd ("CESB"), a wholly owned subsidiary of Jotech entered into Share Sale Agreements ("SSA") with:-
  - (a) Next Hub (M) Sdn Bhd for the disposal of the entire equity interest or 10,000 ordinary shares of RM1.00 each in Cabletron (M) Sdn Bhd, for a total cash consideration of RM10,000.
  - (b) Next Hub (M) Sdn Bhd for the disposal of the entire equity interest or 2 ordinary shares of RM1.00 each in ASB, for a total cash consideration of RM1;
  - (c) Biotech Fibre Marketing Sdn Bhd for the disposal of the entire equity interest or 2 ordinary shares of RM1.00 each in SASB, for a total cash consideration of RM1; and
- (ii) On 25 July 2007, Jotech entered into a Share Sale Agreement with Next Hub (M) Sdn Bhd for the disposal of the entire equity interest or 250,000 ordinary shares of RM1.00 each in PMSB, for a total cash consideration of RM1.

Subsequently on 30 July 2007, the Company announced that Jotech and Prodelcon Sdn Bhd ("PSB"), a wholly owned subsidiary of Jotech had entered into a Share Sale Agreement ("SSA") with Kosmo Kerjaya Sdn Bhd for the disposal of their entire equity interest in Cabletron Electronics (M) Sdn Bhd ("CESB"), comprising 10,000,000 Cumulative Redeemable Convertible Preference Shares of RM1.00 each and 5,000,000 ordinary shares of RM1.00 each held by Jotech and PSB respectively, for a total cash consideration of RM2.

In relation thereto, CESB, CMSB, ASB, SASB and PMSB ceased to be the subsidiaries of Jotech.

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**A13. Contingent liabilities/Contingent assets**

There have been no changes in the contingent liabilities/assets since the last annual balance sheet date.

**A14. Capital commitment**

There is no material capital commitment as at 31 December 2007.

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**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENT**

**B1. Review of performance**

The Group reported revenue of RM40.5 million and RM168.1 million for the current quarter and year-to-date respectively as compared to RM55.0 million and RM233.9 million registered in the corresponding quarter last year and preceding year-to-date respectively. The decline in the Group's current quarter revenue of RM14.5 million and year-to-date revenue of RM65.8 million was mainly due to the Group had ceased consolidation of revenue from all subsidiaries of the Electronics Division ("ED") which had been disposed of since the last quarter. The revenue from the ED in the previous year corresponding quarter was RM14.5 million. The financial year-to-date revenue of the ED was RM17.6 million compared to RM69.2 million in the preceding year-to-date.

The Group reported a net loss of RM19.5 million and RM14.9 million for this quarter and year-to-date respectively. This is mainly due to impairment of RM19.0 million redeemable preference shares investment and allowance for doubtful debt of disposed subsidiaries of RM2.9 million were made in the current quarter. Included in the current quarter net loss was also a final write down of RM0.45m on the Aegis One Sub-ordinated Bond upon its redemption during the quarter.

With the exclusion of the above impairment and allowance made arising mainly from the business streamlining and consolidation plan undertaken by the Group this year, the Group posted a net profit of RM2.4 million for the current quarter and RM7.0 million for the year-to-date as compared to net profit of RM0.2 million and RM5.3 million reported in corresponding quarter last year and preceding year-to-date respectively.

**B2. Comparison with preceding quarter's results**

The Group achieved 7% increase in revenue with RM40.5 million posted for the current quarter as compared to RM37.7 million registered in the preceding quarter. Semiconductor Tooling & Automation Division ("STAD") reported an increase in revenue of RM2.6 million, representing 100% increase in revenue as compared to the preceding quarter of RM2.6 million. Precision Stamping and Machining Division ("PSMD") reported a marginal increase of RM0.2 million in revenue, from RM35.0 million in the preceding quarter to RM35.2 million this quarter.

The Group's net loss of RM19.5 million in this quarter compared with the preceding quarter net profit of RM2.6 million was due to impairment and allowance made on assets as mentioned above. With the exclusion of the impairment and allowance made, the Group posted a net profit of RM2.4 million in this quarter compared to RM2.0 million net profit in the preceding quarter.

**B3. Prospects**

The Group is undergoing the final stage of business streamlining and consolidation plan with the proposed disposal of Prodelcon Sdn Bhd which is expected to complete by the end of the first quarter of 2008. The Group's financial position and reserves are expected to improve substantially from the profit on disposal to be recognized at the completion of the disposal.

The Group anticipates a positive though challenging business outlook for the financial year 2008 for its remaining core business of Precision Stamping. The Precision Stamping Division will continue to focus on the development and growth of its business regionally as impetus for growth in 2008.

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**B4. Variance of actual profit from forecast profit / shortfall in profit guarantee**

Not applicable as no profit forecast was published.

**B5. Taxation**

The taxation for the current quarter and year to date are as follows :-

	Current quarter 31.12.2007 RM'000	Financial year-to- date 31.12.2007 RM'000
Current tax expense		
Malaysia	(830)	(1,425)
Overseas	(246)	(658)
	(1,076)	(2,083)
Deferred tax expense		
Malaysia	208	205
Overseas	68	68
	276	273
	(800)	(1,810)

The effective tax rates of the Group for the current quarter and financial year-to-date are lower than the statutory tax rate due to the utilization of tax incentives based on the profit after excluding the impairment loss of the investment in redeemable preference shares and other non-tax deductible expenses.

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

There were no sales of unquoted investments or properties in the current quarter and financial year-to-date.

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

There were no purchases or disposal of quoted investments in the current quarter and financial year-to-date.

**B8. Corporate proposals**

- (i) On 25 June 2007, the Company announced that a proposed rights issue with warrants which involves the issuance of 205,400,000 new ordinary shares of RM0.10 each in Jotech ("Rights Shares") together with 205,400,000 free warrants ("Warrants") at an issue price to be determined on a renounceable basis of two (2) Rights Shares with two (2) Warrants for every seven (7) existing ordinary shares of RM0.10 each in Jotech ("Jotech Shares") held by the entitled shareholders on an entitlement date. ("Proposed Rights Issue with Warrants").

On 23 July 2007, MIMB Investment Bank Berhad (*formerly known as Malaysian International Merchant Bankers Berhad*) ("MIMB"), the adviser of the Company had submitted the application to the Securities Commission ("SC") in relation with the Proposed Rights Issue with Warrants.

SC and Bank Negara Malaysia had approved the Rights Issue with Warrants vide its letter dated 2 August 2007 and 1 August 2007 respectively approved the Rights Issue with Warrants. Subsequently on 7 September 2007, the shareholders had approved the Proposed Rights Issue with Warrants at the Extraordinary General Meeting.

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**B8. Corporate proposals (Cont'd)**

- (i) The approval-in-principle had been obtained from Bursa Securities on 20 September 2007 for the admission of the Warrants to the Official List of the Second Board of Bursa Securities and the listing of and quotation for the Rights Shares and Warrants and the new Jotech Shares issued upon the exercise of the Warrants on the Second Board of Bursa Securities. Official quotation of the rights shares and warrants were commenced on 20 November 2007 after receipt of confirmation from Bursa Depository that all the CDS accounts of the Entitled Shareholders/renounees had been duly credited and notices of allotment had been despatched to them.

MIMB had on 9 November 2007 announced that as at the close of acceptance and payment for the Rights Issue with Warrants at 5.00 p.m. on 5 November 2007, the Rights Shares with Warrants has been oversubscribed by 116% over the total number of 205,400,000 Rights Shares with 205,400,000 Warrants available for subscription under the Rights Issue with Warrants.

The Rights Shares and Warrants had been quoted on the Second Board of Bursa Malaysia Securities Berhad on 20 November 2007.

The status of the utilisation of proceeds raised from the Right Issue with Warrants is as follows:-

<b>Purpose</b>	<b>Proposed Utilisation</b>	<b>Actual Utilisation</b>	<b>Date of/Intended timeframe for utilisation</b>	<b>Deviation</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Repayment of term loan	20,000	20,000	27 November 2007	-
Working capital	1,844	1,844	Within 24 months	-
Proposals expenses	750	715	Within 3 months	35

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**B8. Corporate proposals (Cont'd)**

- (ii) On 19 September 2007, MIMB Investment Bank Berhad (*formerly known as Malaysian International Merchant Bankers Berhad*) (“MIMB”), the adviser of the Company announced that the Company had on 19 September 2007 entered into a sale and purchase agreement (“SPA”) with AIC Corporation Berhad (“AIC”) for the disposal of its entire equity interest in a wholly owned subsidiary, Prodelcon Sdn Bhd (“Prodelcon”) (“Proposed Disposal”).

The Proposed Disposal entails the disposal of Jotech’s entire equity interest in Prodelcon comprising 1,249,000 ordinary shares of RM1.00 each for a total consideration of RM53,000,000 to be satisfied by:-

- (i) the issuance of 27,500,000 new AIC Shares at an issue price of RM1.00 per share; and
- (ii) cash of RM25,500,000.

As part of the terms of the SPA, Jotech warrants, represents and guarantees to AIC that the audited profit after taxation (but excluding the loss on disposal of its investment in a subsidiary amounting to RM2,920,000) of Prodelcon for the financial year ending 31 December 2007 shall not be less than RM5,000,000 (“Guaranteed Profit Clause”).

Subsequently on 15 November 2007, MIMB announced that the Company had on 15 November 2007 entered into a supplemental sale and purchase agreement with AIC to clarify the intention of both parties by amending the Guaranteed Profit Clause to Jotech warrants, represents and guarantees to AIC that the audited profit after taxation of Prodelcon (**after deducting** the loss on disposal of its investment in a subsidiary amounting to RM2,920,000) for the financial year ending 31 December 2007 shall not be less than RM5,000,000.

AIC had submitted the application to the Securities Commission on the proposed acquisition of Prodelcon on 19 November 2007.

AIC had on 2 January 2008, announced that SC has vide its letter dated 31 December 2007 (which was received on 2 January 2008) approved the Proposed Acquisition pursuant to Section 212(5) of the Capital Markets and Services Act 2007 and the Foreign Investment Committee’s Guidelines on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests.

The SC’s approval for the Proposed Acquisition is subject to the following conditions:

- (i) AIC to increase its Bumiputera equity by 0.78% to 30% of the new enlarged issued and paid up share capital (representing 1,625,750 new shares) within 2 years after the date of implementation of the Proposed Acquisition;
- (ii) AIC/Prodelcon to comply with equity conditions imposed by the Ministry of International Trade and Industry (“MITI”) on the AIC Group/Prodelcon respectively, if any, pursuant to the Proposed Acquisition and AIC/Prodelcon to inform the SC of MITI’s approval;

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**B8. Corporate proposals (Cont'd)**

(iii) Prodelcon to inform SC of MITI's decision on Prodelcon's application to MITI dated 7 November 2007 for a waiver from complying with the equity condition imposed by MITI on Prodelcon, pursuant to its manufacturing licence; and

(iv) RHB Investment Bank/AIC to inform SC upon completion of the Proposed Acquisition.

The shareholders had approved the above proposed disposal via an extraordinary meeting on 26 February 2008.

Save as disclosed above, there were no outstanding corporate proposals announced but not completed within 7 days before the date of issue of this report.

**B9. Group borrowings**

The Group borrowings as at 31 December 2007 are as follows:-

	RM'000
Secured	37,047
Unsecured	-
Total Group Borrowings	37,047
	RM'000
Short Term	14,459
Long Term	22,588
Total Group Borrowings	37,047

The total borrowings denominated in foreign and local currency as at 31 December 2007 are as follows:-

	RM'000
Foreign Currency:	
- USD 2,008,486 @ 3.3057	6,639
- RMB 7,330,000 @ 0.4532	3,322
Local Currency	27,086
Total Group Borrowings	37,047

**B10. Off balance sheet financial instruments**

As explained in B8, 200,540,000 warrants have been issued and listed on 20 November 2007 pursuant to the right issue of shares. The fair value of the warrants as at 26 February 2008 was RM0.075 per warrant.

Save as disclosed above, the Group did not enter into any contracts involving off balance sheet financial instruments during the financial year.



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**B11. Material litigation**

There was no material litigation against the Group as at the date of this report.

**B12. Dividend**

The shareholders had approved in the Annual General Meeting convened on 19 June 2007, a first and final dividend of 0.3 sen less tax per ordinary share (2006: 0.2 sen less tax) amounting to RM1.57 million (2006: RM0.93 million) in respect of the financial year ended 31 December 2006 which was paid on 15 August 2007.

The Board of Directors does not recommend any dividend in respect of the year ended 31 December 2007.

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**B13. Earnings per share**

	Current Year Quarter 31.12.2007 RM'000	Preceding Year Quarter 31.12.2006 RM'000	Current Year To Date 31.12.2007 RM'000	Preceding Year To Date 31.12.2006 RM'000
<b>Earnings</b>				
Net (loss)/profit attributable to equity holders of the parent	(19,529)	187	(14,921)	5,260
<b>a) Basic</b>				
Issued ordinary shares at beginning of year / Weighted average number of ordinary shares	848,391	686,186 <sup>^</sup>	751,454	656,133 <sup>^</sup>
<b>b) Diluted</b>				
Weighted average number of ordinary shares ('000)	848,391	686,186 <sup>^</sup>	751,454	656,133 <sup>^</sup>
Effects of warrants	38,333	-	9,662	-
Effect of share options ('000)	#	2,266 <sup>^</sup>	#	1,646
Weighted average number of ordinary shares ('000)	886,724	688,452 <sup>^</sup>	761,116	657,779 <sup>^</sup>
<b>Basic (loss)/earnings per share (sen)</b>	(2.30)	0.027 <sup>^</sup>	(1.99)	0.802 <sup>^</sup>
<b>Diluted (loss)/earnings per share (sen)</b>	(2.20)	0.027 <sup>^</sup>	(1.96)	0.800 <sup>^</sup>

# - All ESOS were fully exercised on 14 February 2007.

<sup>^</sup> - Restated with adjustment made in accordance with subdivision of every one (1) share at RM1.00 into ten (10) sub-divided share at RM0.10 carried out in the fourth quarter 2006.