



EXPLANATORY NOTES

1. BASIS OF PREPARATION

The Quarterly Report had been prepared in accordance with the reporting requirements under the Financial Reporting Standards (FRS) 134 – “Interim Financial Reporting” issued by the Malaysian Accounting Reporting Standard (MASB) and Para 9.22 of the Bursa Malaysia Securities Berhad’s (BMSB) Listing Requirements and should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 October 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 October 2009.

2. ACCOUNTING POLICIES

The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Group and the Company:-

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|-----------------------------------|--|
| a) <i>Amendments to FRS 1</i> | - First-time Adoption of Financial Reporting Standards. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate |
| b) FRS 1 (#) | - First time Adoption of Financial Reporting Standards |
| c) <i>Amendments to FRS 2</i> | - Share Based Payment. Amendments relating to vesting conditions and cancellations |
| d) <i>Amendments to FRS 2 (#)</i> | - Share Based Payment. Amendments relating to the scope of the Standard |
| e) <i>FRS 3 (#)</i> | - Business Combinations |
| f) <i>FRS 4</i> | - Insurance Contracts |
| g) <i>Amendments to FRS 5</i> | - Non-current Assets Held for Sale and Discontinued Operations. Amendments relating to disclosure of non-current assets (or disposal groups) classified as held for sale or discontinued operations. |
| h) <i>Amendments to FRS 5 (#)</i> | - Non-current Assets Held for Sale and Discontinued Operations. Amendment relating to the inclusion of non-current assets as held for distribution to owners in the standard. |
| i) <i>FRS 7</i> | - Financial Instruments: Disclosures |
| j) <i>Amendment to FRS 7</i> | - Financial Instruments: Disclosures. Amendment relating to financial assets |
| k) <i>FRS 8</i> | - Operating Segments |
| l) <i>Amendments to FRS 8</i> | - Operating Segments – Amendment relating to disclosure information about segment assets |



2. ACCOUNTING POLICIES (CONT'D)

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|------------------------------|---|
| m) FRS 101 | - Presentation of Financial Statements (Revised) |
| n) Amendment to FRS 107 | - Statement of Cash Flows. Amendment relating to classification of expenditures on unrecognised assets |
| o) Amendment to FRS 108 | - Accounting Policies, Changes in Accounting Estimates and Errors. Amendment relating to selection and application of accounting policies |
| p) Amendments to FRS 110 | - Events After the Reporting Period. Amendment relating to reason for dividend not recognised as a liability at the end of the reporting period |
| q) Amendment to FRS 116 | - Property, Plant and Equipment. Amendment relating to derecognition of asset |
| r) Amendment to FRS 117 | - Leases. Amendment relating to classification of leases |
| s) Amendment to FRS 118 | - Revenue. Amendment relating to Appendix of this standard and recognition and measurement |
| t) Amendment to FRS 119 | - Employee Benefits. Amendment relating to definition, curtailment and settlements |
| u) Amendment to FRS 120 | - Accounting for Government Grants and Disclosure of Government Assistance. Amendment relating to definition and government loan at a below – market rate of interest |
| v) FRS 123 | - Borrowing Costs |
| w) Amendments to FRS 123 | - Borrowing costs. Amendment relating to exclusion of incidental cost to borrowing |
| x) Amendments to FRS 127 | - Consolidated and Separate Financial Statements. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate |
| y) FRS 127 (#) | - Consolidated Separate Financial Statements |
| z) Amendment to FRS 128 | - Investment in Associates. Amendment relating to impairment losses in application of the equity method and the scope of this standard |
| aa) Amendment to FRS 129 | - Financial Reporting in Hyperinflationary Economies. Amendment relating to changing of terms used |
| ab) Amendment to FRS 131 | - Interests in Joint Ventures. Amendment relating to additional disclosure required for joint venture that does not apply FRS 131 |
| ac) Amendment to FRS 132 | - Financial Instruments: Presentation. Amendment relating to puttable financial instruments |
| ad) Amendment to FRS 134 | - Interim Financial Reporting. Amendment relating to disclosure of earnings per share |
| ae) Amendment to FRS 136 | - Impairment of assets. Amendment relating to the disclosure of recoverable amount |
| af) Amendment to FRS 138 | - Intangible assets. Amendment relating to recognition of an expense |
| ag) Amendment to FRS 138 (#) | - Intangible assets. Amendments relating to the revision to FRS 3 |
| ah) FRS 139 | - Financial instruments: Recognition and measurement |



2. ACCOUNTING POLICIES (CONT'D)

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|---|--|
| ai) Amendment to FRS 139 | - Financial Instruments: Recognition and Measurement. Amendment relating to eligible hedged items, reclassification of financial assets and embedded derivatives |
| aj) Amendment to FRS 140 | - Investment Property. Amendment relating to inability to determine fair value reliably |
| ak) IC Interpretations 9 | - Reassessment of Embedded Derivates |
| al) Amendment to IC Interpretations 9 (#) | - Reassessment of Embedded Derivates. Amendments relating to the scope of the IC and revision to FRS 3 |
| am) IC Interpretation 10 | - Interim Financial Reporting and Impairment |
| an) IC Interpretation 11 | - FRS 2 - Group and Treasury Share Transactions |
| ao) IC Interpretation 12 (#) | - Service Concession Agreements |
| ap) IC Interpretation 13 | - Customer Loyalty Programmes |
| aq) IC Interpretation 14 | - FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction |
| ar) IC Interpretation 15 (#) | - Agreement for the Construction of Real Estate |
| as) IC Interpretation 16 (#) | - Hedges of a Net Investment in a Foreign Operation |
| at) IC Interpretation 17 (#) | - Distributions of Non-Cash Assets to Owners |

All the above Amendments, IC Interpretations and FRSs will be effective for accounting period beginning on or after 1 January 2010, other than FRS 8 and those marked with (#) which will be applicable to accounting period beginning on or after 1 July 2009 and 1 July 2010 respectively. The existing FRS 1, FRS 3, FRS 127 as well as FRS 2012004 will be withdrawn upon the adoption of the new requirements that take effect on 1 July 2010.

Notes:

With the issuance of IC Interpretation 15, FRS 201₂₀₀₄ Property Development Activities is withdrawn.

FRS 4, FRS 128, FRS 129, FRS 131, IC Interpretation 11, 12, 13, 14, 15, 16 and 17 are not expected to be relevant to the operations of the Group and of the Company. The directors anticipate that the other FRS, amendments to FRS and IC Interpretations and amendments to IC Interpretation will be adopted in the annual financial statements of the Group and of the Company for the financial year commencing 1 January 2010 and that the adoption of these new/revised FRS, amendments to FRS, Interpretations and amendments to IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period for initial application.

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3. QUALIFICATION OF AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

There was an “emphasis of matter” in the auditors’ opinion on the annual financial accounts of the Group and Company for financial year ended 31 October 2009. An excerpt of the auditors’ report is reproduced as follows:-

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 to the Financial Statements which discloses the premise upon which the Group and the Company have prepared the financial statement by applying the going concern assumption, notwithstanding that the Group and the Company incurred a net loss of RM52,719,725 and RM383,360,869 respectively during the financial year ended 31 October 2009 and as of that date, the Company has a net current liabilities and shareholders’ deficit of RM29,738,917 and RM28,439,874 respectively, thereby indicating that existence of a material uncertainty which may cast significant doubt about the Group and the Company’s ability to continue as a going concern. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of assets and the classification of liabilities that might be necessary should the Group or the Company be unable to continue as a going concern.

4. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

The Group’s business operations are not generally affected by any seasonal or cyclical factors.

5. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

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

6. CHANGES IN ACCOUNTING ESTIMATES

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

7. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

On 4 January 2010, the Company increased its issued and paid-up capital from RM281,095,732 to RM331,419,763 by way of conversion of 100,648,062 units of irredeemable convertible preference shares (ICPS) at RM0.50 sen each. There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial year-to-date.

8. DIVIDENDS PAID

No was no dividend paid during the current financial period.

9. SEGMENTAL REPORTING

The Group’s primarily business is that of fabrication of offshore oil and gas related structure and other related civil works and hence no separate disclosure is made as the segment revenue and results are as disclosed in the condensed income statement.



RAMUNIA HOLDINGS BERHAD (634775-D)
EXPLANATORY NOTES FOR THE THIRD QUARTER ENDED 31 JULY 2010

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuation of land and building have been brought forward without any amendments since the last annual financial statements.

11. SUBSEQUENT EVENTS

Other than as disclosed under Note 22 (ii) and (iv), there were no subsequent material events after the financial period.

12. CHANGES IN THE COMPOSITION OF THE GROUP

On 4 January 2010, a wholly owned subsidiary of the Company, Ramunia International Holdings Limited ("RIHL") was struck off from the register of Labuan Offshore Financial Services Authority ("LOFSA") pursuant to Section 151(4) of Offshore Companies Act 1990 ("OAC").

There were no other changes to the composition of the Group during the current quarter of the financial year.

13. NON CURRENT ASSETS CLASSIFIED HELD FOR SALE

Not applicable.

14. CHANGES IN CONTINGENT LIABILITIES-UNSECURED

The contingent liabilities of the Group comprise the following:-

	As at 31 July 2010	
	Group RM'000	Company RM'000
Potential litigation and claim, inclusive of interest thereon	26,258	9,609
	26,258	9,609

15. REVIEW OF PERFORMANCE

The Group recorded a decrease in turnover of RM6.14 mil for the current quarter against RM89.26 mil in the preceding year corresponding quarter. However, the profit for the period for the period was higher at RM15.59 mil compared to a loss of RM25.59mil in the preceding year corresponding quarter. The reduction in turnover is due to remaining project nearing completion. The increase in profit is mainly due to other income generated from rental of yard and facilities.

16. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

The Group generated a net profit for the period of RM15.59 mil for the current quarter under review as compared to RM16.41 mil for the immediate preceding quarter due to lower other income for the current quarter.



17. PROSPECTS FOR CURRENT FINANCIAL YEAR

With the completion of the disposal of assets to SDE on 19 April 2010, the Board of Directors' focus will be to regularise the Company's PN 17 status. The Company is in the midst of finalising the regularisation plan and intends to make the submission to the regulatory authorities within the required time frame.

18. PROFIT FORECAST/PROFIT GUARANTEE

Not applicable.

19. TAXATION

Taxation comprises :

	Current Year Quarter Ended 31-July-10 (RM'000)	Cumulative Current Year To Date 31-July-10 (RM'000)
Malaysian Taxation:		
Current taxation	-	-
(Over)/Under provision in prior year/period	(1,432)	(1,432)
Deferred taxation		
Current taxation	-	5
Over provision in prior years	-	-
Taxation for the current period	(1,432)	(1,427)

20. PROFIT/LOSS ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investment and/or properties during the current financial quarter.

21. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchases or disposal of quoted securities for the current quarter under review.

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22. STATUS OF CORPORATE PROPOSALS

- (i) Proposed Disposal of Assets (“Proposed Disposal”) to Sime Darby Engineering Sdn Bhd (“SDE”)

The Company and Ramunia Optima Sdn Bhd (“ROSB”), a wholly-owned subsidiary company of RAHB, had on 3 August 2009 entered into a sale and purchase agreement with SDE for the proposed disposal of Teluk Ramunia fabrication yard together with all moveable and immovable assets located thereon to SDE for a provisional sum of RM560.0 million to be satisfied entirely by cash, subject to an adjustment based on an asset tagging exercise to be carried out and mutually agreed upon by both parties. .

The Proposed Disposal was completed on 19 April 2010 for a final disposal consideration of RM515 million, subsequent to the completion of the asset tagging exercise.

- (ii) Scheme of Arrangement under section 176 (1) of the Companies Act 1965

The Company obtained a Restraining Order from the High Court of Malaya in Johor Darul Takzim on 23 October 2009 pursuant to Section 176(10) of the Act, to restrain all further proceedings, and any and all actions or proceedings against RFSB until 1 March 2010 (“Restraining Order”). This order was extended to 30 April 2010 and subsequently extended until 7 August 2010.

The Restraining Order was to enable RFSB to complete a Scheme of Arrangement with all its unsecured creditors under Section 176 (1) the Act.

The Scheme of Arrangement was sanctioned by the court on the 27 May 2010, and took effect on 7 June 2010 approving the repayment of 47 sen for every RM 1 owed to the creditors. In accordance with the approved Scheme of Arrangements, RFSB has commenced payments to the creditors.

- (iii) Memorandum of Understanding (“MoU”)

On 28 January 2010, the Company signed a MoU with PESB for the proposed collaboration to undertake the tendering, bidding and fabrication in relation to any contract involving the engineering, procurement and construction of any topsides, jackets or any structures for the oil and gas industry. The MoU is subject to the terms and conditions of a more definitive agreement regarding the parties intended collaboration depending on specific projects. To-date, the said definitive agreement has not been executed and there has been no material development since the signing of the above MOU.



22. STATUS OF CORPORATE PROPOSALS (cont'd)

- (iv) Practice Note 17 ("PN17") of the Main Market Listing Requirements

On 25 February 2010, the Company announced that Pursuant to Paragraph 8.04 and Paragraph 2.1(e) of PN17 of the Main Market Listing Requirements, the Company is considered a PN17 Company.

The PN17 criteria was triggered resulting from RAHB's auditors expressing a modified opinion with emphasis on RAHB's going concern in the Company's latest audited consolidated financial statements for the financial year ended 31 October 2009 and the shareholders' equity of RAHB on a consolidated basis is less than 50% of the issued and paid-up share capital of RAHB.

The Company was admitted into a PN17 company by Bursa Malaysia on 1 March 2010.

On 25 May 2010, the Company announced via Bursa Malaysia that the regularisation plan to regularise the Company's PN 17 status ("Regularisation Plan") will not result in a significant change in the business direction or policy presently adopted by the Company. The Company is in the midst of finalising the terms and conditions relating to the Regularisation Plan.

On 5 July 2010, the Company appointed AmInvestment Bank Berhad as the Principal Adviser to the Company for the Regularisation Plan.

23. GROUP'S BORROWINGS AND DEBT SECURITIES

Total Group's borrowings as at 31 July 2010 are as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
SHORT TERM BORROWINGS			
Bank overdraft	481	-	481
Revolving credits	9,129	-	9,129
	9,610	-	9,610
Finance payables (hire purchase)	45	-	45
Term loans	39,390	40,000	79,390
	49,045	40,000	89,045
LONG TERM BORROWINGS			
Finance payable (hire purchase)	123	-	123
Term loans	-	-	-
	123	-	123
TOTAL BORROWINGS	49,168	40,000	89,168

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

During the financial year-to-date, the Group did not enter into any contracts involving off balance sheet financial instruments.



25. CHANGES IN MATERIAL LITIGATION

Save as disclosed below, the Company is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which has or will have a material effect on the financial position on our business, and our Directors are not aware of any proceedings, pending or threatened, against the Company and/or any of the Company's subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of our Group:

- (a) **Ingress Fabricators Sdn. Bhd. vs Ramunia Fabricators Sdn. Bhd (Guaman Sivil No.:S7-22-147-2007)**

Ingress Fabricators Sdn Bhd is claiming RM1,494,699.72 for services rendered. The next mention date is on 22 September 2010.

Based on our solicitors' advice, the Board is of the opinion that the outcome of the litigation claim will be favourable to the Company.

- (b) **Ingress Fabricators Sdn. Bhd. vs Ramunia Fabricators Sdn. Bhd (Guaman Sivil No.:S7-22-424-2007)**

Ingress Fabricators Sdn Bhd is claiming RM4,228,772.00 for services rendered. The next mention date is on 22 September 2010.

Based on our solicitors' advice, the Board is of the opinion that the outcome of the litigation claim will be favourable to the Company.

- (c) **Ingress Fabricators Sdn Bhd V Ramunia Fabricators Sdn Bhd (Guaman Sivil No: S2-22-1134-2008)**

Ingress Fabricators Sdn. Bhd. is claiming for the following sums for Guntong E Jacket, E8DR-A Substructure, E11P-B Substructure and E8DR-A Topside:

- 1) RM 633,807.00 being the retention sum for completed project
- 2) RM 23,630.00 for additional works completed
- 3) RM 16,115.00 for corrective works completed
- 4) RM 3,917,072.73 for work done

Based on the solicitor's opinion, the sum claim in this suit should have been raised in the 147 and 424 suits respectively. Therefore, the third suit constitutes multiplicity of proceedings and therefore ought to be struck off.

The next mention date is on 22 September 2010.

Based on our solicitors' advice, the Board is of the opinion that the outcome of the litigation claim will be favourable to the Company

- (d) **Ingress Fabricators Sdn Bhd and Anor v Ramunia Fabricators Sdn Bhd and Shaharudin bin Tahir vide Kuala Lumpur (High Court Suit No S-22-419-2010)**

Ingress Fabricators Sdn Bhd is claiming RM667,158.00 for services rendered. Based on our solicitors' advice, the Board is of the opinion that the outcome of the litigation claim will be favourable to the Company. The case management date has not been fixed.



25. CHANGES IN MATERIAL LITIGATION (Cont'd)

(e) Promet Berhad Vs Ramunia Fabricators Sdn Bhd (Guaman Sivil No. MT3-22-650-2008)

Promet Berhad is claiming for an alleged trespass on their land and claiming for RM6,088,973.31 in damages. The Defendant had filed an Application to Strike Out the Plaintiff's case for want of prosecution. Promet was wound up on 8 April 2010. An Intervener's Application was served upon the Defendant on 27 April 2010 by Objek Kirana Sdn. Bhd. The Defendants' Striking Out Application and the Intervener's Application has been set for hearing before the Judge on 28 June 2010

The judge has disallowed the Intervener's Application with costs (RM2,000) and also granted order in terms of Defendant's Striking Put Application. This case has therefore been struck out for want of prosecution

(f) Efficient Technology Sdn Bhd v Ramunia Fabricators Sdn Bhd (Guaman Sivil No. 22-74-2009)

Efficient Technology Sdn Bhd is claiming for a sum of money for goods delivered and services rendered. The writ of summons was served to the RFSB on 3 March 2009. The claim is for RM2, 316,277.55. Proceedings to be stayed pursuant to court order under Section 176(10) of Companies Act 1965. The next mention date has yet to be fixed

Winding Up Petitions

(a) Sigur Ros Sdn. Bhd. v Ramunia Fabricators Sdn. Bhd (Winding Up No: D-28 NCC-12-2009)

The matter involves a claim by Sigur Ros for goods and services rendered to the Company. Winding up petition dated 3 September 2009 was served on the 9 September 2009 for the amount of RM1, 617,350. The hearing of the winding up fixed on 30 April 2010 has been vacated to a further date to be informed by the Court. So far, the Court has not given any notice of the next hearing date

(b) Serba Mahir Sdn Bhd v Ramunia Fabricators Sdn Bhd (Winding Up No: L28-04 of 2009-1)

The matter involves a claim by Serba Mahir for goods and services rendered to the Company. Winding up petition dated 3 August 2009 was served on the 1 September 2009 for the amount of RM541, 671.79. The matter is now adjourned to 6 September 2010.

(c) JB Yew Seng Stationery Sdn Bhd v Ramunia Fabricators Sdn Bhd (Winding Up No: 28-220- 2009)

The matter involves a claim by JB Yew Seng for goods rendered to the Company. Winding up petition dated 9 November 2009 was served on the 11 November for the amount of RM538, 209.50, with no interest claimed. The hearing of the winding up fixed on 29 April 2010 has been vacated to a further date to be informed by the Court. So far, the Court has not given any notice of the next hearing date.

26. PROPOSED DIVIDENDS

The Board of Directors did not propose/declare any dividend for the current reporting quarter.



RAMUNIA HOLDINGS BERHAD (634775-D)
EXPLANATORY NOTES FOR THE THIRD QUARTER ENDED 31 JULY 2010

27. EARNINGS PER SHARE

Earnings per share ("EPS")	Current Quarter		Cumulative Quarter	
	Three months ended 31-Jul-10	Three months ended 31-Jul-09	Nine months ended 31-Jul-10	Nine months ended 31-Jul-09
Earnings for the purpose of basic earnings per share (RM'000)	15,590	(25,588)	35421	(44,703)
Weighted average number of ordinary shares for the purpose of basic earnings share (No.'000)	649,052	562,191	649,052	562,191
Basic earnings/(loss) per share (sen)	2.40	(4.55)	5.46	(8.00)
Adjusted earnings for the purpose of diluted earnings per share (RM'000)	-	-	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings share (No.'000)	-	-	-	-
Diluted EPS (sen)	-	-	-	-

28. AUTHORISED FOR ISSUE

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 23 September 2010.