

RAMUNIA HOLDINGS BERHAD (634775-D)
(Incorporated in Malaysia)

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

1. BASIS OF PREPARATION

The interim financial statements are unaudited and prepared in accordance with the 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 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.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 October 2009 except for the adoption of FRS 8 – Operating Segments which became effective for the financial period beginning 1 July 2009.

The adoption of the above FRS only impact presentation and disclosures. It does not have significant financial impact on the Group.

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

The audit report for the Group and the Company’s audited financial statement for the financial year ended 31 October 2009 was not qualified. However, there was an “emphasis of matter” in the auditors’ opinion, an excerpt of the auditors’ report is reproduced as follows:-

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 performance is not 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 current quarter and financial year.

RAMUNIA HOLDINGS BERHAD (634775-D)
(Incorporated in Malaysia)

6. SIGNIFICANT CHANGES IN ESTIMATES

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

7. 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 each. There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial year.

8. DIVIDENDS PAID

There were no dividends 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 works and hence no separate disclosure is made as the segment revenue and results are as disclosed in the condensed income statement.

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no valuation of property, plant and equipment in the current quarter and financial year.

11. SUBSEQUENT EVENTS

There were no subsequent material events after the end of the current quarter.

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").

On 19 October 2010, the Board of Directors announced that as part of the rationalisation efforts of Ramunia Group, Mr. Wong Soon Fong was appointed as the Provisional Liquidator to wind-up the following subsidiaries by way of creditors' voluntary winding-up –

- a) RISL Engineering Sdn. Bhd. ("RISLSB");
- b) Asian Tubular Sdn. Bhd. ("ATSB"); and
- c) MS Herkules Sdn. Bhd. ("MSHSB")

Ramunia holds 70% and 90% of the paid up share capital in ATSB and MSHSB respectively. RISLSB is a wholly owned subsidiary within the Ramunia Group.

The Creditors' voluntary winding-up of RISLSB, ATSB and MSHSB are not expected to have material effect on the share capital, net assets per share, gearing, and substantial shareholdings in Ramunia.

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

RAMUNIA HOLDINGS BERHAD (634775-D)
(Incorporated in Malaysia)

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The contingent liabilities of comprise the following:-

	As at 31 October 2010	
	Group	Company
	RM'000	RM'000
Potential litigation and claim, inclusive of interest thereon	10,981	-

14. CAPITAL COMMITMENTS

There Group has no capital commitments as at 31 October 2010.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

15. REVIEW OF PERFORMANCE

The Group recorded a decrease in turnover of RM30.05 mil for the current quarter against RM31.04 mil in the preceding year corresponding quarter. However, the profit for the period was higher at RM32.56mil compared to a loss of RM7.80mil in the preceding year corresponding quarter. The reduction in turnover is due to low remaining project billings on completion. The increase in profit is mainly due to other income generated from discount received from the creditors pursuant to the scheme of arrangement disclosed in Note 22(ii).

16. MATERIAL CHANGE IN QUARTERLY RESULTS AGAINST IMMEDIATE PRECEDING QUARTER

The Group generated a net profit after tax for the period of RM32.56 mil for the current quarter under review as compared to RM15.59 mil for the immediate preceding quarter. The increase was mainly due to higher other income generated from the discount received from the creditors pursuant to the Section 176, scheme of arrangement disclosed in Note 22(ii).

17. COMMENTARY ON PROSPECTS

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 continues to actively participate to bid for projects in its existing oil and gas and engineering businesses. The Company is in the midst of finalising its PN 17 regularisation plan and will make the submission to the regulatory authorities within the required time frame.

18. PROFIT FORECAST

The Group has not issued any profit forecast for the current financial year and therefore no comparison is made available.

RAMUNIA HOLDINGS BERHAD (634775-D)
(Incorporated in Malaysia)

19. TAXATION

Taxation comprises:

	FOURTH QUARTER		CUMULATIVE QUARTER	
	Current Quarter	Preceding Year Corresponding Quarter	Current Financial Year	Preceding Corresponding Financial Year
	31-Oct-09 (RM'000)	31-Oct-09 (RM'000)	31-Oct-10 (RM'000)	31-Oct-09 (RM'000)
Malaysian Taxation:				
Current taxation	-	1,441	-	1,441
Overprovision in prior year	-	-	(1,432)	-
Deferred taxation				
Current taxation	-	11,874	5	11,874
Taxation for the current period	-	13,315	(1,427)	13,315

20. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investment and/or properties during the current quarter and financial year other than disclosed in Note 22(i).

21. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no dealings by the Group in quoted securities for the current quarter and financial year. The Group did not hold any investments in quoted shares as at 31 October 2010.

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 RM560.00 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 RM515.00 million, subsequent to the completion of the asset tagging exercise.

RAMUNIA HOLDINGS BERHAD (634775-D)
(Incorporated in Malaysia)

22. STATUS OF CORPORATE PROPOSALS (cont'd)

- (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 a wholly owned subsidiary, Ramunia Fabricators Sdn Bhd (“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 (“Scheme”) was sanctioned by the court on the 27 May 2010, and took effect on 7 June 2010 approving the repayment of RM0.47 for every RM 1 owed to the creditors. In accordance with the approved Scheme, RFSB has substantially completed its payments to the creditors.

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

- a) On 28 January 2010, the Company signed a MoU with Pleasant Engineering Sdn Bhd (“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 in 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 have not been executed and there have been no material development since the signing of the MoU.

- b) On 4 November 2010, the Board of Directors of Ramunia announced that its wholly owned subsidiary, O&G Works Sdn Bhd (“OGW”) had on 3 November 2010 signed a MoU with Dongnam Marine Crane Co., Ltd. (“DMC”), for the purpose of collaboration to undertake the tendering, bidding and manufacturing of any contract involving the engineering, design, procurement and fabrication of offshore pedestal cranes, marine cranes and any other make of cranes for the oil and gas industry and any other industries which require such supplies.

On 2 December 2010, OGW had signed a Joint Manufacturing Agreement (“Agreement”) with DMC. The purpose of the Agreement is to undertake the joint manufacturing of cranes including offshore cranes, marine cranes, floating cranes, Special Davits and deck machineries of DMC in the marine and offshore oil and gas exploration and production fields of application in Malaysia, using the “Dong Nam” Brand and design (“Products”).

The salient terms of the Agreement are as follows:-

- (i) The Agreement is exclusive for OGW to a period of 5 years and is for the provision of all relevant technical information and training required for the manufacturing of the Products in Malaysia; and
- (ii) The fabrication of the Products shall be undertaken jointly by both parties.

RAMUNIA HOLDINGS BERHAD (634775-D)
(Incorporated in Malaysia)

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. BORROWINGS AND DEBT SECURITIES

There were no Group borrowings outstanding as at 31 October 2010.

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance financial instruments as at 31 October 2010.

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

RAMUNIA HOLDINGS BERHAD (634775-D)
(Incorporated in Malaysia)

25. CHANGES IN MATERIAL LITIGATION (cont'd)

- (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.

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.

All four suits have been consolidated. Subsequent to the consolidation, the plaintiff's solicitors have applied to the court for a case management date, which has been fixed on 17 December 2010.

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

The claimant has agreed to withdraw the Summon as full payment under the Scheme has been made.

Winding Up Petitions

- (a) **Sigur Ros Sdn. Bhd. v Ramunia Fabricators Sdn. Bhd (Winding Up No: D-28 NCC-12-2009)**
- (b) **Serba Mahir Sdn Bhd v Ramunia Fabricators Sdn Bhd (Winding Up No: L28-04 of 2009-I)**
- (c) **JB Yew Seng Stationery Sdn Bhd v Ramunia Fabricators Sdn Bhd (Winding Up No: 28-220-2009)**

The petitioners have agreed to withdraw the Petitions as full payment under the Scheme has been made.

26. PROPOSED DIVIDENDS

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

RAMUNIA HOLDINGS BERHAD (634775-D)
(Incorporated in Malaysia)

27. EARNINGS PER SHARE

Earnings per share (“EPS”)	FOURTH QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31-Oct-10	Preceding Year Corresponding Quarter 31-Oct-09	Current Financial Year 31-Oct-10	Preceding Corresponding Financial Year 31-Oct-09
Earnings/(Loss) for the purpose of basic earnings per share (RM’000)	32,564	(7,798)	67,985	(52,720)
Weighted average number of ordinary shares for the purpose of basic earnings share (No. ‘000)	662,840	562,191	649,052	562,191
Basic earnings/(loss) per share (sen)	4.91	(5.55)	10.47	(9.38)
Adjusted earnings for the purpose of diluted earnings per share (RM’000)	32,564	(7,798)	67,985	(52,720)
Weighted average number of ordinary shares for the purpose of diluted earnings share (No. ‘000)	733,064	N/A	728,854	N/A
Diluted EPS (sen)	4.44	N/A	9.33	N/A

24. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 8 December 2010.