RALCO CORPORATION BERHAD (333101-V)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010
The figures have not been audited.

	AS AT 31/12/2010 UNAUDITED RM'000	AS AT 31/12/2009 AUDITED RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	**33,299**	31,339
Prepaid Lease Payment	**3,235**	3,208
Investment in quoted securities	**110**	-
	36,644	34,547
Current Assets		
Inventories	**9,291**	7,191
Trade and other receivables	**18,324**	24,521
Tax recoverable	**9**	9
Fixed Deposit	**4,282**	4,602
Cash and bank balances	**3,001**	1,928
	34,907	38,251
TOTAL ASSETS	**71,551**	72,798
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of The Parent		
Share capital	**41,981**	41,981
Right Issue - warrants	**408**	407
Treasury Share.at cost	**(2,568)**	(383)
Unappropriated profit / (loss)	**(6,595)**	(6,549)
Total Equity	**33,226**	35,456
Minority Interest	**-**	2
	33,226	35,458
Non-Current Liabilities		
Hire Purchase	**3,167**	1,524
Deferred Tax	**2,185**	1,275
	5,352	2,799
Current Liabilities		
Trade and other payables	**14,656**	17,402
Bank Borrowings	**16,407**	16,333
Hire Purchase	**1,910**	806
	32,973	34,541
Total Liabilities	**38,325**	37,340
TOTAL EQUITY AND LIABILITIES	**71,551**	72,798
Net assets per share attributable to ordinary equity holders of the parent (RM)	**0.84**	0.84

(The condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Statements)

RALCO CORPORATION BERHAD (333101-V)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 12 months ended 31 December 2010 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2009 RM'000	**CURRENT YEAR PERIOD 31/12/2010 RM'000**	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2009 RM'000
Gross revenue	**24,207**	24,847	**100,091**	86,887
Cost of sales	**(21,476)**	(21,081)	**(89,379)**	(73,814)
Gross profit	**2,731**	3,766	**10,712**	13,073
Other operating income	**567**	1,339	**2,536**	2,535
Selling & Distribution expenses	**(655)**	(467)	**(2,488)**	(2,154)
Administrative and general expenses	**(2,225)**	(1,869)	**(7,098)**	(6,502)
Results from operating activities	**418**	2,769	**3,662**	6,952
Finance costs	**(394)**	(355)	**(1,442)**	(1,333)
Profit/(Loss) before tax	**24**	2,414	**2,220**	5,619
Tax expense	**(506)**	(835)	**(1,053)**	(1,322)
Profit/(Loss) for the year	**(482)**	1,579	**1,167**	4,297
Foreign currency translation difference for foreign operation	**-**	-	**-**	-
Hedge of net investment	**-**	-	**-**	-
Cashflow hedge	**-**	-	**-**	-
Other comprehensive income for the year	**-**	-	**-**	-
Total comprehensive income for the year	**(482)**	1,579	**1,167**	4,297
Attributable to:				
Equity holders of the parent	**(524)**	1,556	**947**	4,324
Minority interests	**42**	23	**220**	(27)
Profit for the year	**(482)**	1,579	**1,167**	4,297
Comprehensive income attributable to :				
Equity holders of the parent	**-**	-	**-**	-
Minority interests	**-**	-	**-**	-
Total comprehensive income for the year	**-**	-	**-**	-
Basic earnings per share (sen)	**(1.30)**	3.72	**2.35**	10.33

RALCO CORPORATION BERHAD (333101-V)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2010
The figures have not been audited.

	------- Attributable to equity holders of the parent ------						
	Share capital RM'000	Treasury Share RM'000	Right Issue Warrants RM'000	Unappropriated profit RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
At 1 January 2009	41,960	-	-	(10,872)	31,088	29	31,117
Conversion of warrants	21				21		21
Treasury Shares		(383)			(383)		(383)
Right Issue - Warrant 2009/2019			407		407		407
Net profit for the year	-	-	-	4,323	4,323	(27)	4,296
Total income for the year	-	-	-	4,323	4,323	(27)	4,296
At 31 December 2009	41,981	(383)	407	(6,549)	35,456	2	35,458
At 1 January 2010	**41,981**	**(383)**	**407**	**(6,549)**	**35,456**	**2**	**35,458**
Treasury Shares		**(2,185)**			**(2,185)**	**-**	**(2,185)**
Right Issue - Warrant 2009/2019			**1**		**1**		**1**
Net profit for the period				**947**	**947**	**220**	**1,167**
Other comprehensive income				**-**	**-**		**-**
Acquisition of additional interest in subsidiary (30%)						**(222)**	**(222)**
Goodwill in acquisition				**(993)**	**(993)**		**(993)**
Total comprehensive income for the year	**-**	**-**	**-**	**(46)**	**(46)**	**(2)**	**(48)**
At 31 December 2010	**41,981**	**(2,568)**	**408**	**(6,595)**	**33,226**	**-**	**33,226**

(The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Statements)

RALCO CORPORATION BERHAD (333101-V)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2010

The figures have not been audited.

	CURRENT PERIOD TO DATE 31/12/2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2009 RM'000
Profit/(loss) before tax	**2,220**	1,735
Adjustment for non cash items and interests	**6,731**	2,728
Operating profit/(loss) before changes in working capital	**8,951**	4,463
Changes in working capital	**1,396**	(694)
Cash generated from/(used in) operations	**10,347**	3,769
Interest received	**157**	-
Interest paid	**(1,442)**	-
Tax (refunded)/payable	**(143)**	-
Net cash from operating activities	**8,919**	3,769
Net cash used in investing activities	**(3,571)**	(99)
Net cash used in financing activities	**(5,876)**	(1,878)
NET CHANGES IN CASH AND CASH EQUIVALENTS	**(528)**	1,792
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**(5,512)**	(8,788)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	**(6,040)**	(6,996)
Represented by:		
FIXED DEPOSIT	**4,282**	3,619
CASH AND BANK BALANCES	**3,001**	1,443
BANK OVERDRAFTS	**(13,323)**	(12,058)
	(6,040)	(6,996)

(The condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Statements)

A) Notes to the Interim Financial Report For the 4th Quarter ended 31 December 2010: Explanatory Notes in compliance to FRS 134 on Interim Financial Reporting

(1) Basis of Preparation

The interim financial statements have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements have been prepared using the same accounting policies, methods of computation and basis of consolidation as those used in the preparation of the audited financial statements for the financial year ended 31 December 2009.

The interim financial statements 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 the Group since financial year ended 31 December 2009.

(2) Changes in Accounting Policies

(a) The Group has opted for early adoption of the following new and revised FRSs which are applicable to the Group.

(i) FRS 127 Consolidated and Separate Financial Statements

FRS 127 Consolidated and Separate Financial Statements (effective from 1 July 2010) states that changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners).

The Group and the Company had adopted FRS 127 on 1 January 2010 in accordance with the transitional provision. Hence, no goodwill needs to be recognised. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.

(b) The Group has not opted for early adoption of the following new and revised FRSs and Issues Committee Interpretations ("IC Interpretations") which are applicable to the Group.

a) FRSs and IC Interpretations which shall be effective for financial periods beginning on or after 1 July 2010 are:-

i. FRS 1	:	First –time Adoption of Financial Reporting Standards
ii. FRS 2	:	Amendments to FRS2 Share-based Payment
iii. FRS 3	:	Business Combinations
iv. FRS 5	:	Amendments to FRS5 Non-current Assets Held for Sale And Discontinued Operations
v. FRS 138	:	Amendments to FRS 138 Intangible Assets
vi. IC Interpretation 9	:	Amendments to IC interpretation 9 Reassessment of Embedded Derivatives
vii. IC Interpretation 12	:	Service Concession Arrangements
viii. IC Interpretation 15	:	Agreements for the Construction of Real Estate
ix. IC Interpretation 16	:	Hedges of a Net Investment in Foreign Operation
x. IC Interpretation 17	:	Distributions of Non-cash Assets to Owners

b) FRSs and IC Interpretations which shall be effective for financial periods beginning on or after 1 January 2011 are:-

i. FRS 1	:	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1 First –time Adoption of Financial Reporting Standards)
	:	Additional Exemptions for First-time adopters (Amendment to FRS 1 First –time Adoption of Financial Reporting Standards)
ii. FRS 2	:	Group Cash-settled Share-based Payment Transactions (Amendment to FRS 2 Share-based Payment)
iii. FRS 7	:	Improving Disclosures about Financial Instruments (Amendments to FRS 7)
iv. IC Interpretation 4	:	Determining whether an Arrangement contains a Lease
v. IC Interpretation 18	:	Transfers of Assets from Customers

The adoption of the above FRSs are expected to have no significant changes in the accounting policies of the Group or has no significant impact on the Financial Statements.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards (FRSs) and Amendments to FRSs with effect from 1 January 2010. On 1 January 2010, the Group has adopted the following FRSs:-

a) FRS 101 : Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

b) FRS 139 – Financial Instruments : Recognition and Measurement

The adoption of FRS 139 does not have any significant impact on the profit for the financial year to date but has resulted in financial instruments of the Group to be categorized and measured using the accounting policies summarized below:-

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group or the Company becomes a party to the contractual provision of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Transaction costs incurred on the acquisition or issue of financial instrument classified at fair value through profit and loss is expensed to income statement immediately.

(ii) Subsequent measurement

Subsequent measurement of financial instrument depends on their classification on initial recognition by Management depending on the purpose for which the financial instrument was acquired. The Group classifies financial assets and financial liabilities under the following four categories:

Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition. All changes in fair value relating to assets at fair value through profit and loss are charged to the income statement as incurred.

Loan and receivables

Loan and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents. Financial assets categorized as loan and receivables are subsequently measured at amortised cost using the effective interest method. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred. If that is the case, the carrying amount of the asset is reduced through use of an impairment account. The amount of the loss is recognised in the income statement.

Assets classified in this category are included in current assets, except for maturities greater than 12 months after the balance sheet date of which are classified as non-current assets. Typically trade and other receivables are classified in this category.

Financial liabilities at fair value through profit or loss

Liabilities are classified in this category when they are held principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is designated and effective hedging instrument) or meet the conditions for designation in this category. All changes in fair value relating to liabilities at fair value through profit and loss are charged to the income statement as incurred.

Other financial liabilities

All liabilities, which have not been classified in the previous category fall into this residual category. The financial liabilities of the Group comprise trade and other payable, borrowings and derivative financial liabilities. All financial liabilities are subsequently measured at amortised cost using effective interest method.

Items classified within trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

a) Borrowings

Prior to the adoption of FRS 139, transaction costs attributable to borrowings were expensed off as incurred. With the adoption of FRS 139, borrowings are now recognised initially at fair value, plus directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

(iii)Financial Assets Impairment Test

The adoption of FRS 139 has resulted in a change in the accounting policy relating to assessment for impairment of financial assets, particulary loans and advances. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. The loan or group of loans is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the loan and that the loss event has an impact on future estimated cash flows of the loan or group of loans that can be reliably estimated.

As allowed under the transitional provisions of FRS 139, the Group has not applied the standard retrospectively.

c) FRS 7 – Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period has resulted in some changes to the disclosure of financial instruments, whereby the disclosures are now made by categories of financial assets and liabilities. Since these changes only affect the presentation of disclosure items, there is no impact on the financial results of the Group.

d) Amendment to FRS 117 Leases

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payments in the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risk and rewards incident to ownership lie. Based on this, the Group has concluded that the existing leasehold lands remain as operating lease.

e) FRS 8 – Operating Segments and Amendment to FRS 8 Operating Segments

FRS 8 which replaces FRS 114_{2009} Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. No further segmental information disclosures are necessary as the Group relies on internal reports that are similar to those currently disclosed externally.

f) Amendments to FRS 123 Borrowing costs

This standard replaces FRS 123_{2004}, with the main difference being the removal of the option to expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, and instead requires an entity to capitalise all such borrowing costs as part of the cost of that asset.

The adoption of the above FRSs are expected to have no significant impact on the Financial Statements.

(3) **Audit Report**

The Group's financial statements for the year ended 31 December 2009 were reported without any qualification.

(4) **Seasonal or Cyclical Factors**

The business operation of the Group were not significantly affected by seasonal or cyclical factors.

(5) **Unusual Items Affecting Financial Statements**

There were no unusual items affecting the financial statements of the Group during the quarterly financial period under review.

(6) **Changes in Accounting Estimates**

There were no changes in accounting estimates for the financial period under review.

(7) **Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

Treasury Shares

The shareholders of the Company, by a resolution passed at an extraordinary general meeting held on 25 June 2009 approved the Company's proposal to repurchase of up to 10% of its issued and paid up share capital of the Company. ("Share Buy Back")

As at 31 December 2010, the Company had repurchased 2,601,900 ordinary shares of RM1.00 each of its issued share capital from the open market for a total consideration of RM2.6 million. The repurchased transaction was financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

Other than above, there were no other issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the quarterly financial period under review.

(8) **Dividend Paid**

No interim dividend has been paid or declared in respect of the financial period under review.

(9) Segmental Reporting

	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
12 Months Ended 31/12/10				
REVENUE				
External Sales	90,830	9,261	-	100,091
Inter-segment sales	6,458	-	(6,458)	-
Total revenue	97,288	9,261	(8,858)	100,091
RESULT				
Segment operating profit	5,335	(1,673)	-	3,662
Finance cost				(1,442)
Profit for the year				2,220
12 Months Ended 31/12/09				
REVENUE				
External Sales	86,878	9	-	86,887
Inter-segment sales	-	-	-	-
Total revenue	86,878	9	-	86,887
RESULT				
Segment operating profit	8,890	(1,938)	-	6,952
Finance cost				(1,333)
Profit for the year				5,619

(10) **Valuation of Property, Plant and Equipment**

There has been no revaluation of property, plant and equipment during the current quarter.

(11) **Material Subsequent Events**

There were no changes during the financial period under review.

(12) **Changes in Composition of the Group**

The Company has on 19 November 2010 entered into a Share Sale Agreement with Ahmad Bin Habib for the proposed acquisition of 30,000 ordinary shares of RM1.00 each of Temasek Bay Sdn Bhd ("TBSB"), representing the remaining 30% of the issued and paid-up capital of TBSB, at a purchase consideration of RM1,215,000.

(13) **Contingent Liabilities or Contingent Assets**

There were no contingent liabilities or contingent assets as at date of this report.

B) Notes to the interim Financial Reporting for the 4th Quarter ended 31 December 2010: Explanatory Notes in compliance with Appendix 9B Part A of the BMSB Listing Requirements

(1) Review of Performance of the Company and its Principal Subsidiaries

Fourth Quarter and Financial Year ended 31 December 2010 compared with Fourth Quarter and Financial Year ended 31 December 2009

For the current quarter ended 31 December 2010, the Group registered a revenue of RM24.2 million, representing a decrease of RM0.6 million or 2.4% compared to the corresponding year quarter ended 31 December 2009 of RM 24.8 million.

However, the Group registered a marginal profit before tax of RM0.02 million for the current quarter ended 31 December 2010 compared to the profit before tax for the corresponding year quarter ended 31 December 2009 of RM2.4 million. The unfavourable performance was mainly due to higher resin costs resulting in lower profit margin.

For the financial year ended 31 December 2010, the Group registered a revenue of RM100.1 million, representing an increase of RM13.2 million or 15.2% compared to the corresponding year ended 31 December 2009 of RM86.9 million.

The Group's profit before tax for the year ended 31 December 2010 amounting to RM2.2 million compared to profit before tax for the corresponding year ended 31 December 2009 of RM5.6 million, representing a decrease of RM3.4 million or 61%. The unfavourable performance was mainly due to higher resin costs resulting in lower profit margin.

(2) Material Changes In The Quarterly Results Compared to the Results of the Preceding Quarter

Fourth Quarter ended 31 December 2010 against preceding quarter ended 30 September 2010

For the current quarter under review, the Group registered revenue of RM24.2 million compared to the preceding quarter of RM23.8 million. However, the Group registered a marginal profit before tax of RM0.02 million for current quarter compared to a profit before tax of RM0.3 million in the preceding quarter. The loss was mainly due to higher administrative costs in the current quarter compared to the preceding quarter.

(3) **Prospects for Year 2011**

The Board is of the opinion that the Group would remain profitable for the current financial year ending 2011.

(4) **Variance of Actual Profit from Forecast Profit**

This note is not applicable.

(5) **Taxation**

Tax comprises:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/2010 RM '000	Preceding year corresponding quarter 31/12/2009 RM '000	Current year to date 31/12/2010 RM '000	Preceding year corresponding period 31/12/2009 RM '000
Current year (expense)				
- current period	(106)	-	(143)	(47)
- underestimated in prior year	-	-	-	-
Deferred tax (expense)				
- current period	(400)	(835)	(910)	(1,275)
	(506)	(835)	(1053)	(1,322)

(6) **Profit/(Losses) On Sale of Unquoted Investments and/or Properties**

There was no transaction during the quarterly financial period under review.

(7) **Quoted Securities**

On 9 November 2010, the Company purchased 20,000 ordinary shares of Petronas Chemicals Group Berhad at the Initial Public Offering price of RM5.04 per share.

(8) **Status of Corporate Proposals and Utilisation of Proceeds**

There were no corporate proposals whatsoever during the period under review.

(9) **Group Borrowings and Debts Securities**

Total Group borrowings as at 31 December 2010 are as follows:

	Short Term Secured RM ‘000	Short Term Unsecured RM ‘000	Long Term Secured RM ‘000	Total RM ‘000
Currency				
- Ringgit Malaysia	1,910	16,407	3,167	21,484
	=======	=======	=======	=======

(10) **Off Balance Sheet Financial Instruments**

This item is not applicable.

(11) **Material Litigation**

On 23 July 2008, the Company and a subsidiary have filed a civil suit against a Malayan Banking Berhad ("the Bank") vide Civil Suit No D6-22-1369-2008 for breach of their legal obligations owed to subsidiary("Company's Suit"). The Company and subsidiary are now claiming from the Bank for special and genaral damages together with interest thereon and also for certain declarations and orders.

On 25 February 2009, the Company and the subsidiary were served with a Writ of Summons by the Bank vide Suit No D-22-152-2009 demanding full repayment of facilities granted to the subsidiary in which the Company is the corporate guarantor. The total amount claimed by the Bank against the Group is RM10,698,151 together with interest calculated at 3.50% above the base lending rate per annum commencing from 1 November 2008 till the settlement of this case ("Bank's Suit"). On 2 June 2009, the Group has filed a defence and counter claim, disputing the Bank's Suit and the Counterclaim filed is similar with the Company's claim in the Company's Suit.

The Group has been advised by its solicitors that the Bank's Suit are related to or connected to the Company's Suit filed on 23 July 2008, as both these Suits relates to the dispute arising from the Facilities which were granted by the Bank to the subsidiary.

On 1 July 2009, an application has been filed by the Group to consolidate the 2 suits and on 2 March 2010, the High Court has allowed the Group’s application to consolidate the Suits.

On 17 November 2009, pursuant to the Bank's Suit, the Bank has also filed an application for summary judgment. Upon hearing the Bank's application for summary judgment, the High Court has dismissed the Bank's application on 2 March 2010. The

Bank being dissatisfied with decision of the High Court has filed an appeal to the Court of Appeal and to date there is no hearing date for the appeal.

The Group is now preparing the necessary documents to proceed with the trial of the Company's Suit and Bank's Suit in which both these Suits will be determined by way of a full trial.

On 13 August 2010, the Learned Registrar has fixed the above suits for trial from 10 to 13 January 2011. Since the directions for trial have yet to be complied with by the Defendant, the Learned Registrar has fixed a further case management date on 29 September 2010 to ensure that all pre trial directions have been complied with by the Defendant.

Based on advice from the Group's solicitors, the directors of the Company are of the opinion that the Company's Suit against the Bank are bona fide and also the Group has a bona fide and good defence in respect of the Bank's Suit.

The trial for both suits were heard from 10 to 13 January 2011 and the matter is now pending decision as the respective parties' solicitors have yet to file their respective submissions to court.

The Company shall keep you inform of any further development.

(12) **Dividend**

No interim dividend has been proposed in the current financial period.

(13) **Earnings Per Share**

(a) **Basic Earnings Per Share**
Basic earnings per share of the Group is calculated by dividing the net profit/(loss) attributable to shareholders of the Group for the financial periods under review by the weighted average number of ordinary shares in issue excluding weighted average treasury of 40,231,242 (31/12/2009: 40,848,692) shares during the said financial period.

(b) **Diluted Earnings Per Share**
Not applicable.

(14) **Disclosure realised and unrealised profits**

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format required.

The breakdown of the retained profits of the Group as at 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

	As at 31.12.2010 RM'000	As at 30.9.2010 RM'000
Total retained earnings of the Group		
- Realised	(6,605)	(5,078)
- Unrealised	10	-
	(6,595)	(5,078)

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

(15) **Authorisation for Issue**

The interim financial statements were authorised for issue on 25 February 2011 by the Board of Directors.

By Order of The Board,

Chia Siew Chin (MIA 2184)
Secretary

Date: 25 February 2011
KUALA LUMPUR