HO WAH GENTING BERHAD ("HWGB")
Company No: 272923-H
(Incorporated In Malaysia)

NOTES TO FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

1. Basis of Preparation

The interim financial report is unaudited and has been prepared and presented in accordance with the requirements of Financial Reporting Standard ("FRS") 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2009.

2. Changes in Accounting Policies

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2009 except for the adoption of the following new FRS, Amendments to FRSs and IC Interpretations which are relevant to its operations and applicable to its financial statements effective from 1 January 2010:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 2	Share-based Payment – Vesting Condition and Cancellation
Amendment to FRS 5	Non current Assets Held for Sale and Discontinued Operations
Amendment to FRS 8	Operating Segments
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 117	Leases
Amendment to FRS 119	Employee Benefits
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 128	Investments in Associates
Amendment to FRS 131	Interest in Joint Ventures
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 138	Intangible Assets

2. Changes in Accounting Policies (continued)

Amendment to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new FRSs, Amendments to FRSs and IC Interpretations are set out below:

FRS 101 (Revised), 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 (which can be presented as a single statement or two statements comprising the income statement and statement of comprehensive income), a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The following items that were recognized directly in equity in the preceding year's corresponding period are now presented as components in other comprehensive income in the statement of comprehensive income:

(i) The foreign currency gains or losses arising from translation of foreign branch and subsidiaries;
(ii) The gains arising from revaluation of property, plant and equipment; and
(iii) The gains or losses arising from marked to market values of quoted investments.

The total comprehensive income is presented as a one line item in the statement of changes in equity and the comparative information has been re-presented in order to conform with the revised standard. This standard only affects the presentation aspects and does not have any impact on the earnings/(loss) per share for the current financial year ended 31 December 2010 and its preceding year ended 31 December 2009.

FRS 139, Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives are recognized on their settlement dates. Outstanding derivatives at the balance sheet date were not recognized.

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments. All financial assets and financial liabilities, including derivatives, are recognized at contract dates when the Company or any of its subsidiary becomes a party to the contractual provisions of the instruments.

2. Changes in Accounting Policies (continued)

<u>FRS 139, Financial Instruments: Recognition and Measurement (continued)</u>

The financial instruments of the Group are categorized, recognized and measured as follows:

Financial Assets

(a) <u>Loans and receivables</u>
Loans 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 loans and receivables are subsequently measured at amortized cost using the effective interest method.

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management.

With the adoption of FRS 139, an impairment loss is recognized for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

(b) <u>Available for sale financial assets</u>
Available for sale category comprises investments in non current equity securities and non current debt instruments that are not held for trading.

Investments in non current equity securities that do not have quoted market prices in an active market and whose fair values cannot be reliably measured are measured at cost.

Other available for sale financial assets are subsequently measured at their fair values with the gain or loss recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items which are recognized in profit and loss.

Interest calculated for a debt instrument using the effective interest method is recognized in profit and loss.

Prior to the adoption of FRS 139, investments in non current equity securities (other than investments in subsidiaries and associates) and non current debt instruments were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, these two categories of investments are now categorized and measured as available for sale as detailed above.

2. Changes in Accounting Policies (continued)

<u>FRS 139, Financial Instrument: Recognition and Measurement (continued)</u>

All financial assets, except for those measured at fair value, are subject to review for impairment.

A financial asset or part of it is derecognized when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in equity is recognized in the profit and loss.

Financial Liabilities

All financial liabilities are subsequently measured at amortized cost, other than those measured at fair value.

A financial liability or a part of it is derecognized when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid (including any non cash assets transferred or liabilities assumed) is recognized in the profit and loss.

In accordance with the transitional provisions of FRS 139, the required changes are applied prospectively from 1 January 2010 and the comparative information is not restated. The effects of the remeasurement on 1 January 2010 of the financial assets and financial liabilities brought forward from the previous financial year are adjusted to the opening accumulated losses and other opening reserves as disclosed in the Condensed Consolidated Statement of Changes in Equity for the current financial year ended 31 December 2010.

This standard does not have any material impact on the results and financial position of the Group for the current financial year ended 31 December 2010 and its preceding year ended 31 December 2009.

<u>Amendment to FRS 117, Leases</u>

Prior to the adoption of the Amendment to FRS 117, leasehold lands were classified as operating leases. The considerations paid were classified and presented as prepaid lease payments on 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 risks and rewards incidental to ownership lie. In making this judgement, the Directors have concluded that lands with initial lease period of 50 years or more are finance leases because the present value of the minimum lease payments (ie. consideration paid or payable) is substantially equal to the fair value of the land.

This change in classification has no material effect on the results and financial position of the Group for the current financial year ended 31 December 2010 and its preceding year ended 31 December 2009.

3. Qualification of Financial Statements

There has not been any qualification made by the auditors on the annual financial statements of the Group for the year ended 31 December 2009.

4. Seasonality or Cyclicality of Operations

Based on past historical trend, sales of the manufacturing division (which is the main contributor of revenue to the Group) would normally peak in the third quarter arising from increase in customer demand in anticipation of the festive seasons towards year end and demand would slowly decline in the fourth quarter before reaching its plateau in the first quarter of the following year.

During the current quarter, sales of the manufacturing division started to soften after reaching its peak in the third quarter following its improved performance in the first and second quarter of the current financial year due to increase in orders from new customers and existing buyers.

5. Unusual Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items of unusual nature affecting the assets, liabilities, equity, net income, or cash flows of the Group during the current quarter and financial year.

6. Material Change in Estimates

There were no changes in estimates that had a material effect in the current quarter’s results.

7. Issuance and Repayment of Debt and Equity Securities

On 14 October 2009, the Company had announced to BMSB to undertake the following corporate exercise:-

(a) Reduction of the share premium account of HWGB and capital reduction by the cancellation of RM0.80 of the par value of every existing ordinary share of RM1.00 each in HWGB to be offset against the accumulated losses of HWGB;

(b) Amendments to the Memorandum and Articles of Association of HWGB to facilitate the change in the par value of the ordinary shares of RM1.00 each in HWGB as a result of the Capital Reduction;

(c) Renounceable rights issue of up to 137,888,954 ordinary shares of RM0.20 each in HWGB ("Rights Shares") at an issue price of RM0.20 per rights share together with up to 137,888,954 free detachable warrants ("Warrants") on the basis of one (1) Rights Share with one (1) free Warrant for every two (2) ordinary shares of RM0.20 each held in HWGB ("Shares") after the Capital Reduction; and

(d) Establishment of an employee share option scheme ("ESOS") of up to 10% of the issued and paid up share capital in HWGB after the Capital Reduction.

With all the requisite approvals obtained from the relevant authorities, the corporate exercise had been completed with the listing of 137,888,954 Rights Shares together with 137,888,954 Warrants on the Main Market of BMSB on 13 April 2010.

A total proceeds amounting to RM27,577,790 had also been raised from the abovementioned rights issue.

On 8 November 2010, the Company had announced to BMSB that it would implement a private placement of up to 41,366,600 new ordinary shares of RM0.20 each ("Placement Shares") in HWGB to independent third party investor(s).

The issue price of the Placement Shares had been determined and fixed by the Board at RM0.30 per Placement Share on 18 November 2010, after a conditional approval had been obtained from BMSB on 16 November 2010.

Based on the issue price of RM0.30 per Placement Share, the total estimated proceeds to be raised would amount to RM12.41 million and this additional fund would be utilized to finance the Company's working capital requirements without incurring interest expenses as compared to borrowings.

The private placement was completed on 30 November 2010 with the listing and quotation of all the Placement Shares on the Main Market of BMSB on the same day.

During the fourth quarter of the current financial year, a total of 3,852,000 share options (granted to employees during the second quarter) had also been converted into 3,852,000 new ordinary shares of RM0.20 each in HWGB at par value and a total proceeds of RM770,400 had been raised.

Other than the above, there was no issuance, cancellation, repurchase, resale nor repayments of debts and equity securities, share buy-backs during the current quarter and financial year.

8. Dividends Paid

No dividend was paid in the current quarter and financial year.

9. Segmental Reporting

Analysis of the Group’s segment revenue and segment result for business segments for the current financial year ended 31 December 2010 are given as follows: -

	Segment Revenue RM’000	*Profit/(Loss) Before Tax RM’000
Investments	261	(5,129)
Manufacturing	210,970	528
Mining	-	(1,098)
Trading	29,298	(128)
	240,529	**(5,827)**
Value of share options granted to employees		(878)
Gain on deemed disposal of a quoted associate		22,179
Share in results of associates		(6,173)
		9,301

*Profit/(Loss) Before Tax has been derived prior to charging of staff costs for share options granted to employees.

10. Valuations of Property, Plant and Equipment

The valuations of property, plant and equipment of the Group have been brought forward without amendment from the previous audited financial statements.

11. Material Events Subsequent to the End of the Interim Period

There is no material event subsequent to the end of the current quarter.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year.

13. Contingent Liabilities and Contingent Assets

There were no material contingent liabilities and contingent assets for the Company and the Group during the current quarter and financial year.

14. Capital Commitments

The tin mining division of HWGB had capital commitments amounting to RM2 million which was not provided for in the financial statements as at 31 December 2010.

Other than the aforesaid, there were no material capital commitments for the Company and the Group at the end of the current quarter.

ADDITIONAL INFORMATION REQUIRED BY THE BMSB'S LISTING REQUIREMENTS

1. Review of Performance for the fourth quarter and current financial year

For the current financial year, the Group recorded revenue of RM240.53 million and profit before taxation of RM9.30 million compared to its preceding year's revenue of RM144.04 million and loss before taxation of RM25.48 million.

The Group's manufacturing division recorded operating revenue of RM210.97 million and profit before taxation of RM528,000 for the current financial year ended 31 December 2010 compared to its preceding year's operating revenue of RM121.64 million and loss before taxation of RM18.58 million.

The significant increase of more than 70% in operating revenue had resulted in a financial performance turnaround ie. from a loss position in the preceding year to a profit position during the current financial year.

However, the high trade financing costs and the strengthening of Indonesian Rupiah against the USD continued to have their adverse impact on our bottom line. With the US economy still in its fragile stage of recovery, our products' selling prices and margins continued to remain under competitive pressure. However, despite the aforesaid our manufacturing division still reported a profit of RM528,000 during the current financial year ended 31 December 2010.

The Group's trading division posted an operating revenue of RM29.30 million and a loss before taxation of RM128,000 for the current financial year ended 31 December 2010 compared to its preceding year's operating revenue of RM21.88 million and profit before taxation of RM427,000.

Our domestic economy continued its path of recovery and showed significant improvement in its gross domestic product ("GDP") during the current year as compared to last year's performance. This chain effect via the construction and building sector ie. our main domestic market segment had resulted in the trading division reporting an increase of more than 30% in operating revenue. However, stiff competition in the local market continued to exert pressure on the division's profit margin and this had resulted in a loss of RM128,000 during the current financial year ended 31 December 2010.

The Group's tin mining division recorded a loss before taxation of RM1.10 million for the current financial year ended 31 December 2010. Production facilities have been fully set up and a team of consultants have been hired to facilitate the commissioning and commencement of our tin mining operation (which already started operation on 17 February 2011). Stock piling of top soil alluvial (input to produce tin ore) had already begun in January 2011.

The Group's share of loss in its quoted associate, CVM Minerals Limited ("CVM") was RM6.22 million for the current financial year ended 31 December 2010. Though production has commenced, CVM is currently working on its magnesium smelter plant to achieve the commercial production level.

1. Review of Performance for the fourth quarter and current financial year (continued)

During the first quarter of the current financial year, CVM had increased its share capital from HKD45.10 million to HKD54.10 million via issuance of additional new 360 million ordinary shares (at par value of HKD0.025 per share) at the subscription price of HKD0.36 per share. All the said shares had been successfully listed on the Stock Exchange of Hong Kong Limited ("SEHK"). The aforesaid resulted in HWGB's equity stake in CVM being diluted from 41.25% as of 31 December 2009 to 34.39% on 10 February 2010 and this gave rise to a gain on deemed disposal amounting to RM15.42 million during the first nine (9) months of the current financial year.

During the fourth quarter of the current financial year, CVM had further increased its share capital from HKD54.10 million to HKD62.99 million via issuance of additional new 355.56 million ordinary shares (at par value of HKD0.025 per share) ("Consideration Shares") at the issue price of HKD0.27 per share to the vendors of Winner Top International Limited ("WTI") to acquire mining concessions in Aceh, Indonesia. All the Consideration Shares had been successfully listed on the SEHK on 9 November 2010. Completion of the acquisition resulted in HWGB's equity stake in CVM being further diluted from 34.39% as of 10 February 2010 to 29.54% on 9 November 2010 and this gave rise to a gain on deemed disposal amounting to RM6.76 million during the fourth quarter of the current financial year.

The total gain on deemed disposal of CVM shares as a result of dilution of HWGB's equity stake in CVM from 41.25% to 29.54% amounted to RM22.18 million for the current financial year ended 31 December 2010.

At Company level, the Company recorded a loss before taxation of RM5.33 million for the current financial year ended 31 December 2010 compared to a loss of RM5.35 million in the preceding year.

In the opinion of the Directors, other than as disclosed above, the results for the current quarter have not been affected by any transactions or events of a material or unusual nature which have arisen between 31 December 2010 and the date of issue of this quarterly report.

2. Comparison with Preceding Quarter's Results

The Group's operating revenue and profit before taxation for the quarter under review were RM54.47 million and RM1.11 million respectively as compared to the preceding quarter's operating revenue and profit before taxation of RM88.04 million and RM2.13 million respectively.

Both the decrease in operating revenue and profit before taxation during the fourth quarter was a result of softening of customers' demand after having reached its peak season in the preceding quarter of the current financial year.

3. Commentary on Prospects

The Board is of the opinion that business operations in moulded power supply cord sets and wires and cables will continue to be challenging in view of the upward trend in the prices of commodities or raw materials and also the uncertainty of economic recovery in US which accounts for majority of the Group's revenue.

The Board is hopeful that the commencement of its tin mining business would generate an additional source of revenue and income to the HWGB Group.

Barring any unforeseen circumstances, the Board expects the results of the HWGB Group to be satisfactory in the coming quarters of year 2011.

Meanwhile, the Company will continue to explore viable, synergistic and profitable business ventures to improve the Group's performance.

4. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee for the current quarter and financial year.

5. Taxation

Taxation for current quarter and financial year under review comprises the following:

		Individual Quarter		Cumulative Quarters	
		31/12/2010 RM'000	31/12/2009 RM'000	31/12/2010 RM'000	31/12/2009 RM'000
I	Current tax expense				
	- Malaysian	-	-	-	-
	- Overseas	-	-	-	-
		-	-	-	-
II	Over/ (under) provision in prior year				
	- Malaysian	-	1,173	-	1,173
	- Overseas	-	-	-	-
		-	1,173	-	1,173
III	Deferred tax expense				
	- Malaysian	-	-	-	-
	- Overseas	-	324	-	324
		-	324	-	324
	Total	**-**	**1,497**	**-**	**1,497**

The Group's effective tax rate is lower than the statutory tax rate due to non taxability on gain from deemed disposal of CVM shares as a result of dilution in equity stake, which is in accordance with the Malaysian income tax laws.

6. Purchase or Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the current quarter and financial year.

Investments in quoted securities as at 31 December 2010 are as follows:

		RM'000
(i)	At cost	1,332
(ii)	At carrying amount/market value	100

7. Sale of Unquoted Investments and/or Properties

Our wholly owned subsidiary, HWG Kintron Sdn Bhd ("HWG Kintron") ("the Vendor") had on 21 December 2009 entered into a Conditional Sale and Purchase Agreement with Hoe Huat Trading Sdn Bhd (573220-D) ("the Purchaser") for the disposal of a piece of leasehold land (PM 238 Lot 1281 Seksyen 38 Bandar Kulim, Daerah Kulim, Kedah) together with two units of single storey factory and a unit of warehouse erected thereon ("the Property") for a total cash consideration of RM5.20 million.

Deposits amounting to RM520,000 had been paid by the Purchaser. The Property had been charged to EON Bank Berhad ("EON") for banking facility extended by EON to the Vendor.

The disposal of the Property had been fully completed on 22 June 2010.and the balance of sale proceeds had also been fully utilized to partially settle the bank loan and any incidental cost incurred.

The Property had a carrying book value of RM5.00 million and its disposal did not have any material effect on the earnings and net assets per share of the HWGB Group.

On 9 November 2010 HWG Kintron ("the Vendor") once again entered into Conditional Sale and Purchase Agreement with Vista Property Management Sdn Bhd (790669-A) ("the Purchaser") for the disposal of all that remaining piece of leasehold land (Hakmilik HSM 7887, PT No. 5, Bandar Kulim, Daerah Kulim, Kedah) together with premises known as Lot 5, Kulim Industrial Estate, 09000 Kulim, Kedah erected thereon ("Lot 5") for a cash consideration of RM1.85 million ("Disposal").

The Disposal is still pending completion as at 31 December 2010 and is expected to be completed during the financial year ending 31 December 2011.

Lot 5 has a carrying book value of RM1.85 million and the Disposal is not expected to have any material effect on the earnings and net assets per share of the HWGB Group.

The Disposal is in line with HWGB's strategy to dispose off its non core assets and reduce the gearing of the Group.

Other than the abovementioned, there was no sale of unquoted investments or properties for the current financial year.

8. Investments in Associates

HWGB together with other equity shareholders ("Vendors") of CVM, had on 1 February 2010 placed out 280 million ordinary shares ("Shares") of CVM (of which 78 million Shares were placed out by HWGB, whilst the remaining balance of 202 million Shares were placed out by other Vendors) to the placing agents to procure buyers for the said Shares.

The disposal price for the Shares was agreed at HKD0.36 per Share. The total proceeds raised from the aforesaid placement had been fully utilized to pay for the subscription of new 280 million ordinary shares which were subsequently issued by CVM at the subscription price of HKD0.36 per share.

Following completion of the above, an additional new 80 million ordinary shares of CVM had also been successfully issued and listed on the SEHK on 10 February 2010.

With the increase of the above new 360 million ordinary shares in CVM, the total number of ordinary shares in CVM had increased from 1,804 million to 2,164 million whilst the number of ordinary shares in CVM held by HWGB remained unchanged at 744.15 million. As a result of which, the equity stake of HWGB in CVM had been reduced from 41.25% to 34.39%.

On 30 July 2010, CVM entered into a Conditional Sale and Purchase Agreement with the vendors of Winner Top International Limited("WTI") to purchase the entire (100%) issued share capital of WTI which indirectly holds the mining concessions of coal, manganese and iron ore in Aceh, Indonesia through its subsidiaries for a purchase consideration of HKD120 million to be satisfied via issuance of 355,555,556 new ordinary shares of HKD0.025 each in CVM ("Consideration Shares") at an issue price of HKD0.27 per Consideration Share and cash consideration of HKD24 million.

The aforesaid acquisition was completed on 9 November 2010 and the total number of issued ordinary shares in CVM had further increased from 2,164 million to 2,519.56 million whilst the number of ordinary shares in CVM held by HWGB continued to remain status quo at 744.15 million. The consequential effect of this acquisition had resulted in HWGB's equity stake in CVM being further diluted from 34.39% to 29.54%.

Other than the above, there was no purchase or disposal of equity stakes in Associates during the current financial year.

Investments in Associates as at 31 December 2010 are as follows:

	RM'000
(i) At cost	26,897
(ii) At carrying amount	38,677
(iii) Market value of a quoted associate	64,893

9. Group Borrowings and Debt Securities

		As At 31/12/2010 RM'000	As At 31/12/2009 RM'000
(i)	**Short Term Borrowings**		
	Secured		
	- Bank overdraft	1,514	1,267
	- Bankers' acceptances	52,849	58,017
	- Finance lease liabilities	848	29
	- Term loans	7,542	6,718
	Unsecured		
	- Bank overdrafts	-	-
		62,753	**66,031**
(ii)	**Long Term Borrowings**		
	Secured		
	- Finance lease liabilities	188	187
	- Term loans	17,171	30,813
		17,359	**31,000**

Breakdown of borrowings in foreign denominated debts included above is:

(iii)	**Secured**	**USD'000**	**USD'000**
	- Bills payable	17,128	16,932
	- Short term loan	1,667	-
	- Long term loan	3,333	5,000
		22,128	**21,932**

10. Status of Utilization of Proceeds raised from Rights Issue and Private Placement

The actual utilization (as of 23 February 2011) of RM27,577,790 proceeds raised from the Rights Issue of 137,888,954 HWGB Rights Shares ("RS") of RM0.20 each at an issue price of RM0.20, which was completed on 13 April 2010, is given as follows:-

Description	Proposed Utilization RM'000	As at 23 Feb 2011 Actual Utilization RM'000	Balance RM'000	Estimated timeframe for utilization of proceeds
Repayment of bank borrowings	10,000	10,000	Nil	Within one (1) year from the listing of the RS
Working capital	17,058	17,058	Nil	Within one (1) year from the listing of the RS
Rights Issue Expenses	520	520	Nil	Within one (1) month from the listing of the RS
TOTAL	**27,578**	**27,578**	**Nil**	

The proposed and actual utilization (as of 23 February 2011) of RM12,409,980 proceeds raised from the Private Placement of 41,366,600 new ordinary shares of RM0.20 each ("Placement Shares") ("PS") at an issue price of RM0.30, which was completed on 30 November 2010, is given as follows:-

Description	Proposed Utilization RM'000	As at 23 Feb 2011 Actual Utilization RM'000	Balance RM'000	Estimated timeframe for utilization of proceeds
Working capital	12,310	3,310	9,000	Within six (6) months from the listing of the PS
Private Placement Expenses	100	100	Nil	Within one (1) month from the listing of the PS
TOTAL	**12,410**	**3,410**	**9,000**	

11. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 23 February 2011, being the latest practical date that shall not be earlier than 7 days from the date of issue of this quarterly report.

12. Material Litigation

There is no material litigation for the Group as at 23 February 2011, being the latest practicable date that shall not be earlier than 7 days from the date of issue of this quarterly report.

13. Dividends

No dividend has been declared for the current financial year ended 31 December 2010.

14. Profit/(Loss) per share

<u>Basic</u>

	Individual Quarter		**Cumulative Quarters**	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Profit/(Loss) attributable to shareholders (RM'000)	1,385	(9,588)	9,839	(23,807)
Weighted average number of ordinary shares ('000) – basic	429,707	275,778	377,459	275,778
Basic (sen)	**0.32**	**(3.48)**	**2.61**	**(8.63)**

14. Profit/(Loss) per share (continued)

Diluted

	Individual Quarter		**Cumulative Quarters**	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Profit/(Loss) attributable to shareholders (RM'000)	1,385	(9,588)	9,839	(23,807)
Add Notional interest savings due to repayment of bank borrowings (RM'000)	730	-	2,068	-
Adjusted Profit/(Loss) attributable to shareholders (RM'000)	2,115	(9,588)	11,907	(23,807)
Weighted average number of ordinary shares ('000) – basic	429,707	275,778	377,459	275,778
Add Assuming conversion of ESOS and Warrants ('000)	151,195	-	107,097	-
Weighted average number of ordinary shares ('000) – diluted	580,902	275,778	484,556	275,778
Diluted (sen)	**N/A**	**(3.48)**	**2.46**	**(8.63)**

The diluted earnings or profit per share is calculated based on the adjusted net profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the period, adjusted to assume full conversion of all ESOS and warrants into new ordinary shares.

The adjusted net profit attributable to equity holders of the Company is arrived at by adding notional interest savings as a result of repayment of bank borrowings from proceeds made available through exercise of ESOS and warrants into new ordinary shares.

There was no dilution in earnings or profit per share during the fourth quarter of the current financial year ended 31 December 2010 as the additional notional interest savings compensated more than the increase in the number of ordinary shares arising from the abovementioned conversion of all ESOS and warrants.