NAKAMICHI CORPORATION BERHAD

(Company No: 301384-H)
(Incorporated in Malaysia)

QUARTERLY UNAUDITED FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

Contents

Nakamichi Corporation Berhad
Condensed unaudited consolidated statements of comprehensive income for the year ended 31 December 2011

	Current year quarter 31.12.2011 RM'000	Preceding year corresponding quarter 31.12.2010 RM'000	Current year 31.12.2011 RM'000	Preceding year 31.12.2010 RM'000
Revenue	3,600	6,427	18,184	44,343
Operating expenses	(9,446)	(6,685)	(22,384)	(39,870)
Other operating income	-	65	4,582	984
Profit/(Loss) from operations	(5,846)	(193)	382	5,457
Finance costs	(238)	(313)	(1,003)	(1,443)
Profit/(Loss) before taxation	(6,084)	(499)	(621)	4,021
Tax expense	(406)	(129)	(1,375)	(1,586)
Profit/(Loss) for the period	(6,490)	(628)	(1,996)	2,435
Other comprehensive income/(loss), net of tax				
- Foreign currency translation differences for foreign operations	29	(21)	20	1
Total comprehensive income/(loss) for the period	(6,461)	(649)	(1,976)	2,436
Profit/(Loss) attributable to:				
Owners of the Company	(6,745)	(690)	(3,583)	(376)
Non-controlling interests	255	62	1,587	2,811
Profit/(Loss) for the period	(6,490)	(628)	(1,996)	2,435
Total comprehensive income/(loss) attributable to:				
Owners of the Company	(6,716)	(711)	(3,563)	(375)
Non-controlling interests	255	62	1,587	2,811
Total comprehensive income/(loss) for the period	(6,461)	(649)	(1,976)	2,436
Basic loss per per ordinary share (sen)	(12.17)	(1.25)	(6.47)	(0.68)
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

(The condensed unaudited consolidated statements of comprehensive income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)

Nakamichi Corporation Berhad
Condensed unaudited consolidated statement of financial position as at 31 December 2011

	31.12.2011 RM'000	(Audited) 31.12.2010 RM'000
Non current assets		
Property, plant and equipment	1,279	1,742
Intangible asset	98,023	99,894
Total non current assets	99,302	101,636
Current assets		
Assets held for sale	18,300	24,488
Receivables, deposits and prepayments	2,482	1,267
Inventories	2,688	2,778
Cash and cash equivalents	5	470
Total current assets	23,475	29,003
TOTAL ASSETS	122,777	130,639
Equity attributable to owners of the Company		
Share capital	55,410	55,410
Reserves	(26,423)	(22,860)
	28,987	32,550
Non-controlling interests	38,721	39,241
Total equity	67,708	71,791
Long term and deferred liabilities		
Borrowings	336	5,725
Deferred tax liabilities	24,563	25,050
Total long term and deferred liabilities	24,899	30,775
Current liabilities		
Payables and accruals	24,485	13,165
Tax liabilities	5,188	3,420
Borrowings	497	11,488
Total current liabilities	30,170	28,073
Total liabilities	55,069	58,848
TOTAL EQUITY AND LIABILITIES	122,777	130,639
Net assets per share attributable to owners of the Company (RM)	0.52	0.59

(The condensed unaudited consolidated statement of financial position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)

Nakamichi Corporation Berhad
Condensed unaudited consolidated statements of changes in equity for the year ended 31 December 2011

	Attributable to owners of the Company						
	Share capital RM'000	**Share premium RM'000**	**Foreign currency translation reserves RM'000**	**Accumulated losses RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2011	55,410	38,452	(7)	(61,305)	32,550	39,241	71,791
Total comprehensive income for the period	-	-	20	(3,583)	(3,563)	1,587	(1,976)
Realisation of foreign currency translation reserves upon cessation of foreign branch	-	-	(13)	13	-	-	-
Dividend	-	-	-	-	-	(2,107)	(2,107)
At 31 December 2011	55,410	38,452	-	(64,875)	28,987	38,721	67,708

	Attributable to owners of the Company						
	Share capital RM'000	**Share premium RM'000**	**Foreign currency translation reserves RM'000**	**Accumulated losses RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2010	55,410	38,452	(8)	(60,929)	32,925	38,880	71,805
Total comprehensive income for the period	-	-	1	(376)	(375)	2,811	2,436
Dividend	-	-	-	-	-	(2,450)	(2,450)
At 31 December 2010	55,410	38,452	(7)	(61,305)	32,550	39,241	71,791

The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)

Nakamichi Corporation Berhad
Condensed unaudited consolidated statements of cash flow for the year ended 31 December 2011

	31.12.2011	31.12.2010
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/Profit before taxation	(621)	4,021
Adjustments for:		
Amortisation of intangible asset	1,871	5,381
Depreciation	490	460
Gain on disposal of property, plant and equipment	-	(65)
Impairment loss on asset held for sale	6,188	-
Interest expense	1,003	1,430
Interest income	-	(7)
Negative goodwill	(4,578)	-
Waiver of amounts due to directors of a subsidiary	-	(849)
Other non-cash items	20	1
Operating profit before working capital changes	4,373	10,372
Changes in working capital:		
Inventories	90	1,231
Receivables, deposits and prepayment	(1,214)	(35)
Payables and accruals	14,306	(1,271)
Cash generated from operations	17,555	10,297
Tax paid	(95)	(198)
Net cash generated from operating activities	17,460	10,099
Cash flows from investing activities		
Purchase of property, plant and equipment	(27)	(175)
Interest received	-	7
Proceeds from disposal of property, plant and equipment	-	65
Net cash used in investing activities	(27)	(103)
Cash flows from financing activities		
Interest paid	(1,003)	(1,375)
Dividend paid to non-controlling interest	(515)	-
Repayment of bank borrowings – net	(15,380)	(10,409)
Net cash used in financing activities	(16,898)	(11,784)
Net increase/(decrease) in cash and cash equivalents	535	(1,788)
Cash and cash equivalents at beginning of year	(530)	1,258
Cash and cash equivalents at end of year	5	(530)
Cash and cash equivalents at end of year comprise:		
Cash and bank balances	5	470
Bank overdraft	-	(1,000)
	5	(530)

(The condensed unaudited consolidated statements of cash flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)

Explanatory notes

1. Basis of preparation

The quarterly financial report is unaudited and has been prepared in accordance with the Financial Reporting Standard ("FRS") 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The quarterly financial report do not include all the information required for the full annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2010.

2. Significant Accounting Policies

Save as disclosed below, the significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010.

i) Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011 the Group has applied FRS 3, *Business Combinations* (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Under FRS 3 (revised), the definition of a business has been broadened, which will result in more acquisitions being treated as business combinations.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any minority (will be known as non-controlling) interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

ii) Loss of control

The Group applied FRS 127, *Consolidated and Separate Financial Statements* (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be recognised as cost on initial measurement of the investment.

iii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Since the beginning of the reporting period, the Group has applied FRS 127, *Consolidated and Separate Financial Statements* (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

In the previous years, where losses applicable to the non-controlling interests exceed the their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

The Group has not applied the following accounting standards, amendments, and interpretations that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- Amendments to IC 14, *Prepayments of a Minimum Funding Requirement*
- IC 19, *Extinguishing Financial Liabilities with Equity Instruments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets*
- Amendments to FRS 112, *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
- FRS 9, *Financial Instruments* (2009)
- FRS 9, *Financial Instruments* (2010)
- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits* (2011)
- FRS 127, *Separate Financial Statements* (2011)
- FRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*

The Group’s financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) issued by the Malaysian Accounting Standards Board and International Financial Reporting Standards (IFRSs). As a result, the Group will not be adopting the above FRSs, Interpretations and amendments.

3. Qualified audit report

The preceding annual audited financial statements of the Group were reported on without any qualification.

4. 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 for the current quarter and financial year.

5. Changes in estimates

There were no changes in the estimates of amounts which give a material effect for the current quarter and financial year.

6. Taxation

The tax expense for the current quarter and financial year are as follows:

	Current quarter 31.12.2011 RM'000	Financial year 31.12.2011 RM'000
Tax expense, Malaysia		
– current	511	1,850
- under provision in prior year	12	12
Deferred tax – current	(117)	(487)
Total	406	1,375

The tax expense for the Group for the current quarter and financial year relates to the taxable income from our timber segment.

The effective tax rate of the Group for the current quarter and financial year is higher than the statutory tax rate due mainly to the losses incurred by the investment holding segment and certain charges not allowable for tax purposes.

7. Valuation of property, plant and equipment

There is no revaluation of property, plant and equipment brought forward from the previous audited financial statements.

8. Borrowings

The Group borrowings as at the end of the reporting period are as follows:

	RM'000
Non-current	336
Current	497
Total Group borrowings	833

As at 31 December 2011, all the borrowings are secured and there are no foreign currency denominated borrowings.

9. Debt and equity securities

There were no issuances, cancellations, repurchases and repayments of the Company's debt or equity securities for the year ended 31 December 2011.

10. Changes in composition of the Group

There was no change in the composition of the Group for the financial year and up to the date of this report.

11. Corporate proposals

There are no corporate proposals that were announced but not completed within 7 days from the date of this quarterly report.

12. Material events subsequent to the period end

There are no material events subsequent to the period end that have not been reflected in the financial statements of the Group.

13. Contingent liabilities/assets

The contingent liabilities of the Group as at 31 December 2011 comprises corporate guarantees totaling RM1.7 million, executed by the Company for loan/hire purchase facilities granted to subsidiaries. Out of the total loan/hire purchase facilities secured by corporate guarantees, a total of RM1.1 million was outstanding at the period end.

14. Capital commitments

There were no capital commitment as at 31 December 2011.

15. Seasonal and cyclical factors

There are no material seasonal or cyclical factors affecting the income and performance of the Group.

16. Notes to the statement of comprehensive income

Other than interest income and finance costs, included in the statement of comprehensive income are the following credits/(charges):

	Current quarter	**Preceding year corresponding quarter**	**Current year**	**Preceding year**
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amortisation of intangible asset	(391)	(944)	(1,871)	(5,381)
Depreciation	(123)	(162)	(490)	(460)
Foreign exchange loss	(36)	(83)	(28)	(173)
Gain on disposal of property, plant and equipment	-	65	-	65
Impairment loss on assets held for sale	(6,188)	-	(6,188)	-
Negative goodwill	-	-	4,578	-

17. Segmental information

Analysis by business segments being the primary basis of the Group's segment reporting for the financial year ended 31 December 2011 is as follows:

	Investment holding RM'000	Timber RM'000	Total RM'000
Turnover			
External turnover	-	18,184	18,184
Internal turnover	2,193	-	2,193
Total turnover	2,193	18,184	20,377
Results			
Segment results	(4,614)	4,996	382
Finance costs			(1,003)
Loss before taxation			(621)
Taxation			(1,375)
Loss for the period			(1,996)
Other comprehensive loss for the period, net of tax			20
Total comprehensive loss for the period			(1,976)
Non-controlling interests			(1,587)
Total comprehensive loss attributable to owners of the Company			(3,583)

	Investment holding RM'000	Timber RM'000	Elimination RM'000	Group RM'000
Assets				
Segment assets	18,463	23,847	(17,556)	24,754
Intangible asset				98,023
Total				122,777
Liabilities				
Segment liabilities	29,777	13,097	(17,556)	25,318
Tax liabilities				5,188
Deferred tax liabilities				24,563
Total				55,069
Other segment information				
Amortisation of intangible asset	1,871	-	-	1,871
Capital expenditure	-	27	-	27
Depreciation	36	454	-	490
Impairment loss on assets held for sale	6,188	-	-	6,188
Negative goodwill	4,578	-	-	4,578

18. Material litigation

On 5 October 2010, the Company had announced that Tamabina Sdn Bhd ("TSB"), a 51% owned and major subsidiary had on 4 October 2010 received a Writ of Summons Suit No. S-22-59 and Statement of Claim dated 17 September 2010 and 14 September 2010 respectively, from KKS Timber Trading ("KKS") filed through their solicitors, Messrs Ngui & Associates ("the Action") in the High Court of Sabah and Sarawak at Sandakan ("Court"). The Action arises from the claim by KKS against TSB for non-payment for logging work performed by KKS at Coupe YS1/07(3) at the Pinangah Forest Reserve in the Yayasan Sabah Concession Area. On 30 November 2011, the Company announced that a judgment was obtained against TSB on even date. TSB was adjudged by the Court to pay KKS:

i) RM1,448,173.07, being the unpaid balance owed for the logging works performed or in the alternative for remedy of quantum meruit;
ii) Interest at the rate of 8% per annum on the unpaid balance calculated from 27 July 2010 to the date of judgment;
iii) Interest at 8% per annum on the judgment sum from the date of judgment to the date of full settlement; and
iv) Cost, on solicitors-clients basis.

Pending the outcome of the appeal, the expected losses arising from the Action is RM975,008 plus interest and legal cost. An amount of RM473,165 has been provided for in the books of TSB. The Action will not have any operational impact on NCB group.

19. Review of performance

19.1 Year on Year - Revenue

<u>Analysis on Group basis</u>

Comparing year on year, the Group's revenue has decreased by RM26.2 million to RM18.2 million for the current year. The decline was due to a decline in the revenue contribution from the timber segment. The revenue fell mainly due to lower logs production which in turn was affected by the implementation of 'Reduced Impact Logging' ("RIL") and rainy weather hampering logging activities. RIL involves a number of practical measures that will require considerable amount of resources, effort and time in adhering to the requirements.

As the Group has only one operating segment, no segmental analysis is provided in respect of review of the Group's revenue.

19.2 Year on Year - Results

<u>Analysis on Group basis</u>

Included in the net loss for the current year was a net charge of RM1.6 million comprising of an impairment loss on asset held for sale of RM6.2 million set off by a negative goodwill of RM4.6 million whereas the prior year had a waiver obtained for amounts owed to directors of a subsidiary of RM0.8 million. Excluding the net charge from the current year and the credit from the prior year, the Group registered an increase in its net loss from RM0.8 million to RM2.0 million, which was in line with the decrease in the Group's revenue.

Segmental analysis

a) Included in the net profit of the timber segment for the prior year was a waiver obtained for amounts owed to directors of a subsidiary of RM0.8 million. Excluding this waiver, the timber segment recorded a decrease in its net profit contribution from RM5.6 million to RM1.5 million, which was in line with the decrease in its revenue.

b) Excluding a net charge of RM1.6 million comprising of an impairment loss on asset held for sale of RM6.2 million set off by a negative goodwill of RM4.6 million for the current year, the investment holding segment registered an improvement by recording a lower net loss of RM3.5 million as compared to a net loss of RM6.4 million in the prior year. The lower net loss is attributable mainly to a decrease in the amortisation of intangible assets which was in turn resulting from lower logs production.

19.3 Current quarter versus preceding year corresponding quarter - Revenue

Analysis on Group basis

The Group's revenue for the current quarter of RM3.6 million is lower than the revenue for the preceding year corresponding quarter of RM6.4 million. This was due to the lower revenue reported by the timber segment as a result of lower logs production. The lower logs production was attributable to the implementation of RIL and rainy weather hampering logging activities.

19.4 Current quarter versus preceding year corresponding quarter - Results

Analysis on Group basis

Excluding the impairment loss on the asset held for sale of RM6.2 million for the current quarter, the Group's net loss reduced marginally from RM0.7 million in the preceding year corresponding quarter to RM0.6 million in the current quarter, despite a decrease in its revenue, due mainly to lower finance costs as a result of lower balances of bank borrowings.

Segmental analysis

a) In tandem with the decrease in its revenue, the timber segment in the current quarter registered a decline in its net profit contribution to RM0.2 million from RM0.3 million in the preceding year corresponding quarter. The decline was marginal relative to the drop in revenue, due mainly to improving margins.

b) Excluding the impairment loss on the asset held for sale of RM6.2 million for the current quarter, the investment holding segment recorded a lower net loss of RM0.8 million for the current quarter as compared to a net loss of RM1.0 million in the preceding year corresponding quarter due mainly to lower finance costs as a result of lower balances of bank borrowings.

20. Quarterly analysis

Revenue

Analysis on Group basis

Comparing quarter on quarter, the Group's revenue increased by RM0.4 million to RM3.6 million for the current quarter. This was mainly due to higher average selling prices of the timber logs.

Results

Analysis on Group basis

Included in the previous quarter was a negative goodwill of RM4.6 million. Excluding the impairment loss for the current quarter and the negative goodwill in the prior quarter, the Group recorded a lower net loss of RM0.6 million in the current quarter as compared to a net loss of RM0.7 million in the previous quarter. This improvement was in tandem with the increase in revenue.

Segmental analysis

a) Quarter on quarter, the timber segment managed to turnaround from a net loss contribution of RM32,000 to a net profit contribution of RM0.2 million. This was achieved mainly due to improving margins.

b) Excluding the impairment loss for the current quarter and the negative goodwill in the prior quarter, no significant variance was noted in respect of the investment holding segment's results. The investment holding segment registered similar net loss contributions of RM0.7 million for the current and previous quarter.

21. Prospects

Due to the current sovereign debt and financial crisis in Europe, the slowing pace of the global economy, the Board is of the view that the year 2012 to be challenging.

22. Profit forecast and profit guarantee

The Group did not publish any profit forecast.

On 30 December 2009, the shareholders of the Company had at an extraordinary general meeting approved the variation in the profit guarantee from the vendors of TSB. The variation entailed the joint and several guarantee from the vendors of TSB on the achievement by TSB of an audited consolidated profit after taxation of not less than RM12 million for each of the three (3) financial periods of twelve (12) months each ending 30 June 2010, 30 June 2011 and 30 June 2012. In addition, any excess of the amount of the profit guarantee in any of the relevant financial period under guarantee shall be carried forward to the subsequent financial period under guarantee for the purposes of computing the guaranteed profit for such subsequent financial period.

For the twelve (12) months financial period ended 30 June 2010, TSB registered an audited consolidated profit after taxation of RM12.02 million which is above the profit guarantee of RM12 million.

For the twelve (12) months financial period ended 30 June 2011, TSB registered an audited consolidated profit after taxation of RM3.0 million which when aggregated with the excess over the profit guarantee for the previous financial period under guarantee of RM0.02 million, is less than the profit guarantee by RM8.98 million. The Vendors have on 15 September 2011 compensated the Company for the Company's share of the shortfall of the profit guarantee amounting to RM4.58 million. The compensation received will be treated as a reduction in the investment cost in TSB in the Company's financial statements and will result in a negative goodwill of equivalent amount in the Group's financial statements.

23. Assets held for sale

The Group had in 2009 expressed its intention to sell its leasehold land and building. As such, the leasehold land and building has been reclassified in 2009 as “Assets held for sale” in accordance with FRS 5, Non-current Assets Held for Sale and Discontinued Operations.

The assets held for sale as at 31 December 2011 comprise as follows:

	Amount RM’000
Leasehold land	3,064
Leasehold buildings	15,236
Total	18,300

24. Loss per share

Loss per share

The basic loss per share for the current quarter and financial year were arrived at as follows:

	Loss attributable to owners of the Company RM’000	Weighted average number of ordinary shares ’000	Basic loss per share sen
Current quarter	6,745	55,140	(12.17)
Financial year	3,583	55,140	(6.47)

Diluted earnings per share

Diluted earnings per share are not applicable as there are no potentially dilutive instruments.

25. Dividends

The Board of Directors does not recommend any dividend in respect of the financial year ended 31 December 2011.

26. Realised and unrealised profits/losses

The breakdown of the accumulated losses of the Group into realised and unrealised losses as follows:

	As at 31.12.2011 RM’000	As at 31.12.2010 RM’000
Realised	(107,638)	(100,343)
Unrealised	(57)	(78)
	(101,569)	(100,421)
Consolidation adjustments	42,851	39,116
Total accumulated losses	(64,875)	(61,305)