A. EXPLANATORY NOTES AS PER FRS 134-INTERIM FINANCIAL REPORTING

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ("FRS") 134: "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2009.

These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2009.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations with effect from 1 January 2010:-

(a) FRSs

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101 (2009)	Presentation of Financial Statements
FRS 123 (2009)	Borrowing Costs
FRS 139 (2010)	Financial Instruments: Recognition and Measurement

(b) Amendments to FRSs

Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 117	Leases
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement

(c) IC Interpretations

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Assets, Minimum Funding Requirement and their Interaction

(d) Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"

A1. Accounting Policies and Methods of Computation (cont'd)

Other than for the application of FRS 139 and amendments to FRS 117, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial result of the Group.

a) Amendments to FRS 117

The amendment clarifies the classification of lease of land and requires entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of this amendment will result in a change in accounting policy which will be applied retrospectively in accordance with transitional provisions. The reclassification of leasehold land from prepaid land lease payments to property, plant and equipment has been accounted for retrospectively and certain comparatives as at 31 December 2009 have been restated as follows:

	Previously stated RM'000	Adjustment RM'000	As restated RM'000
Non-current assets			
Property, plant and equipment	13,384	2,743	16,127
Prepaid land lease payments	2,743	(2,743)	-

b) FRS 139: Financial Instruments – Recognition and Measurement (FRS 139)

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loan and receivables, held to maturity investments, Available-For-Sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and short-term deposits and loans and receivables.

Prior to 1 January 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate (EIR) method. Gains and losses arising from the derecognition of the loans and receivables, EIR amortisation and impairment losses are recognised in the income statement.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables, term loan and bank facilities, and are carried at amortised cost.

A1. Accounting Policies and Methods of Computation (cont'd)

b) FRS 139: Financial Instruments – Recognition and Measurement (FRS 139) (cont'd)

Impact on opening balances

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the statement of financial position as at 1 January 2010.

	As at 31.12.2009 RM'000	Effect of FRS 139 RM'000	As at 1.1.2010 RM'000
Assets			
Non-current Assets			
Long-term trade receivables	-	2,521	2,521
Current Assets			
Trade and other receivables	43,179	(3,343)	39,836
Equity			
Accumulated losses	(19,495)	(822)	(20,317)

A2. Seasonal or Cyclical Factors

The operations of the Group during the quarter have not been affected by any material seasonal or cyclical factors.

A3. Unusual Items Due to Their Nature, Size or Incidence

Save for the impairment of goodwill, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter.

A4. Material Changes in Estimates

There were no changes in the estimates of amounts reported in prior interim periods of the current financial quarter or in prior financial years that have a material effect on the results in the quarter under review.

A5. Debts and Equity Securities

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period under review.

A6. Dividends Paid

There were no dividends paid during the quarter under review.

A7. Segmental Information

Segmental information is provided in two formats, one based on business segments and the other based on geographical segments. Expenses, assets and liabilities which are common and cannot be allocated to the segments are presented under unallocated expenses, assets and liabilities, respectively, if any.

(a) Business Segments

Results for 12 months ended 31 December 2010:

	Manufacturing RM'000	Extraction and Trading RM'000	Investment holding RM'000	Eliminations RM'000	Total RM'000
REVENUE					
Sales to external customers	55,616	-	-	-	55,616
Inter-segment sales	21,355	-	-	(21,355)	-
Total revenue	76,971	-	-	(21,355)	55,616
RESULT					
Segments results	(52,617)	(100)	(2,460)	-	(55,177)
Finance costs					(1,759)
Loss before taxation					(56,936)
Income tax expense					23
Loss for the year					(56,913)
ASSETS					
Segment assets	121,788	1,386	1,413	-	124,587
Unallocated corporate assets					100
Total assets					124,687
LIABILITIES					
Segment liabilities	13,105	8	601	-	13,714
Interest bearing instruments					28,386
Unallocated corporate liabilities					595
Total liabilities					42,695
OTHER SEGMENT INFORMATION					
Capital expenditure	3,633	-	19	-	3,652
Depreciation and amortisation	1,514	-	63	-	1,577

A7. Segmental Information (cont'd)

(b) Geographical Segments

Results for 12 months ended 31 December 2010:

By Geographical	Revenue RM'000	Segment Assets RM'000	Capital Expenditure RM'000
Malaysia	25,511	39,035	1,366
PRC	30,105	84,269	2,286
Turkey	-	1,383	-
	55,616	124,687	3,652

A8. Material Events Subsequent to the End of the Reporting Period

There were no other material events subsequent to the end of the current quarter under review.

A9. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter under review.

A10. Changes in Contingent Liabilities or Contingent Assets

There were no significant changes in the contingent liabilities or contingent assets of the Group since the last financial year as at 31 December 2009.

A11. Capital Commitment

Capital commitments expenditure not provided for in the interim financial statements as at the statement of financial position date were as follows:-

	As at 31.12.2010 RM'000
Approved and contracted for:-	
Property, plant and equipment	692

B. ADDITIONAL EXPLANATORY NOTES IN COMPLIANCE WITH BURSA MALAYSIA LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B

B1. Review of Performance

The Group achieved a revenue of RM16.3 million for the quarter ended 31 December 2010, about 16.3% higher compared to the revenue of RM14.0 million for the quarter ended 31 December 2009. The increase in the Group's revenue was mainly attributable to higher sales recorded from China segment.

The Group recorded a loss after taxation of RM12.6 million (excluded impairment loss on goodwill) for the quarter ended 31 December 2010 compared to the loss after taxation of RM15.4 million for the quarter ended 31 December 2009. The lower losses incurred was mainly attributable to better gross profit margin generated for the current quarter under review.

For the 12 months ended 31 December 2010, the Group registered total revenue of RM55.6 million, about 30.9% higher compared to the revenue of RM42.4 million for the same period ended 31 December 2009. The higher revenue was contributed from better sales recorded in Malaysia. The higher losses recorded in the 12 months ended 31 December 2010 (excluded impairment loss on goodwill) as compared to the corresponding period year 2009 was mainly attributable to forex losses, write down in the value of inventory and a slightly higher provision for doubtful debts.

For the 12 months ended 31 December 2010, the losses of RM21.02 million (excluded impairment loss on goodwill) was mainly due to the provision for doubtful debts and write down in the value of inventory.

The Auditors have carried out an impairment assessment on the Company's investment in subsidiaries and after taking into consideration of the financial performance of its subsidiaries, the Auditors has recommended an impairment charge of RM35.9M.

B2. Material Change in Profit Before Taxation of Current Quarter Compared with Preceding Quarter

For the current quarter, the Group posted a loss before taxation of RM12.6 million (excluded impairment loss on goodwill) for the quarter ended 31 December 2010 compared to the loss before taxation of RM5.5 million for the quarter ended 30 September 2010. The higher losses incurred was mainly attributable to lower gross profit margin generated and provision for doubtful debt for the current quarter under review.

B3. Commentary on Next Year's Prospects

The Group will continue to focus on its core activities and the Management will continuously undertake measures to improve business efficiency and competitiveness. While the Directors will ensure that the management take all steps and efforts to improve the operating results of the stone business, the Directors are reviewing opportunities in real estate development with the objective of broadening the earnings base of the Group.

B4. Profit Forecast

The Company did not issue any profit forecast or profit guarantee for the year.

B5. Income Tax Expense

Income tax expense comprises the following:

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Current tax:-	**RM'000**	**RM'000**	**RM'000**	**RM'000**
-overprovision in the previous financial year	-	-	(23)	-

No provision for taxation expenses due to loss incurred for the Group.

B6. Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments or properties during the quarter under review.

B7. Quoted and Marketable Securities

There was no purchase or disposal of quoted and marketable securities during the quarter under review.

B8. Corporate Proposals

There were no corporate proposals announced but not completed as at the reporting date.

B9. Borrowings

	Denominated in local currency as at 31.12.2010 RM'000	Denominated in foreign currency as at 31.12.2010 RM'000	Total as at 31.12.2010 RM'000
Secured short-term borrowings:			
Bank overdraft	5,278	-	5,278
Term loan	128	6,786	6,914
Hire purchase payables	187	-	187
Bankers Acceptance	2,691	-	2,691
Trust Receipts	12,048	-	12,048
	20,332	6,786	27,118
Secured long-term borrowings:			
Term loan	943	-	943
Hire purchase payables	325	-	325
	1,268	-	1,268

The foreign currency exposure profile of the borrowings is as follows:-

	RM'000
Chinese Renminbi	6,786

B10. Off Balance Sheet financial instruments

There were no off balance sheet financial instruments as at the reporting date.

B11. Material litigation

There was no material litigation against the Group as at the reporting date.

B12. Dividends

There were no dividends declared during the quarter under review.

B13. Loss per share

	Individual Quarter Ended		Cumulative Period Ended	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Basic loss per share				
Loss attributable to equity holders of the parent (RM'000)	(48,528)	(15,409)	(56,913)	(17,880)
Weighted average number shares in issue ('000)	154,800	154,8000	154,800	154,800
Basic loss per share (sen)	(31.35)	(9.95)	(36.77)	(11.55)

The diluted earnings per share are not calculated as the Company does not have any share options in issue.

B14. Accumulated Losses

	As at 31.12.2010 RM'000	As at 30.09.2010 RM'000
- Realised	(75,768)	(26,885)
- Unrealised	(1,462)	(1,817)
Total Group accumulated losses as per consolidated accounts	(77,230)	(28,702)

B15. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2009 was unqualified.