

## 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 2010.

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 2010.

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 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations with effect from 1 January 2011:-

<b>(a) FRSs and Amendments to FRSs</b>	
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discounted Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
<b>(b) IC Interpretations and Amendments to IC Interpretations</b>	
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
<b>(c) Amendments to FRSs and Amendments to IC Interpretation 13 contained in the document entitled “Improvements to FRSs (2010)”</b>	

Adoption of the above FRSs, Amendments to FRSs and IC Interpretation did not have any effect on the financial performance, position or presentation of financials of the Group, other than the disclosures under the Amendments to FRS 7 which will affect the 2011 annual financial statements.

**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**

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 3 months ended 31 March 2011:

	<b>Manufacturing RM'000</b>	<b>Extraction and Trading RM'000</b>	<b>Investment Holding RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>				
Sales to external customers	5,392	-	-	5,392
Inter-segment sales	2,515	-	-	2,515
Total revenue	7,907	-	-	7,907
Adjustment and elimination				(2,515)
Consolidated revenue				<b>5,392</b>
<b>Results</b>				
Segments results	(1,539)	(19)	(699)	(2,257)
Interest income	40	-	-	40
Other material items of income	71	-	-	71
Depreciation of property, plant and equipment	373	-	16	389
	(1,055)	(19)	(683)	(1,757)
Finance costs				(428)
Income tax expense				-
Consolidated loss after taxation				<b>(2,185)</b>

(a) Other material items of income consist of the following:-

	<b>RM'000</b>
Rental income from property, plant and equipment	<b>71</b>

**A7. Segmental Information (cont'd)****(a) Business Segments (cont'd)**

Results for 3 months ended 31 March 2011:

	Manufacturing RM'000	Extraction and Trading RM'000	Investment Holding RM'000	Group RM'000
<b>Assets</b>				
Segment assets	118,514	1,360	1,410	121,284
Unallocated asset				106
Consolidated total assets				<u>121,390</u>
<b>Liabilities</b>				
Segment liabilities	40,081	13	950	41,044
Deferred taxation				35
Provision for taxation				551
Total liabilities				<u>41,630</u>
<b>Other Segment items</b>				
Additions to non-current assets other than financial instruments:-				
- property, plant and equipment	305	-	3	311

**(b) Geographical Segments**

Results for 3 months ended 31 March 2011:

By Geographical	Revenue RM'000	Non-current Assets RM'000
Malaysia	3,414	9,649
China	1,978	29,139
Turkey	-	-
	<u>5,392</u>	<u>38,788</u>

**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 2010.

**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:-

	<b>As at 31.3.2011</b>
	<b>RM'000</b>
<b>Approved and contracted for:-</b>	
Property, plant and equipment	<u>692</u>

**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 RM5.4 million for the quarter ended 31 March 2011, 67% lower compared to the revenue of RM16.2 million for the quarter ended 31 March 2010. The decrease in the Group's revenue was mainly due to delayed commencement of certain projects in China.

The Group recorded a loss after taxation of RM2.18 million for the quarter ended 31 March 2011 compared to the loss after taxation of RM2.21 million for the quarter ended 31 March 2010. The loss was mainly attributable to lower gross profit margin generated for the current quarter under review.

**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 RM2.18 million compared to the loss before taxation of RM17.56 million (excluded impairment loss on intangible assets) for the quarter ended 31 December 2010. The variance were mainly due to provision for doubtful debt, bad debt written off and write-down of inventories in preceding quarter.

**B3. Commentary on Prospects**

The Company is taking steps to improve the business performance of the Group which shall entail improving the business efficiency through cost cutting measures, evaluating the business mix and beefing up its management team with the right skill sets. Moving forward, the Group will be looking for greater contribution from the retail business of its marble and granite so that there is recurring income and earnings of the Group will not be so lumpy as compared to project based revenue. The re-engineering of the business is currently being undertaken and the Company is working towards improving its performance for the remaining period of the financial year.

**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:

	<b>Individual and Cumulative quarter ended</b>	
	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Current tax:-		
-for the financial year	-	-
-overprovision in the previous financial year	-	(23)
	<u>-</u>	<u>(23)</u>

No provision for taxation expenses for the quarter and year-to-date ended 31 March 2011 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**

- (a) On 10 March 2011, the Company entered into a Memorandum of Understanding with PT Greenworld Development to undertake a proposed joint venture arrangement in a mixed development project totalling approximately 50.74 acres located in the east of Jakarta, Indonesia.
- (b) On 13 April 2011, the Company announced the following:-
  - (i) a revised proposed reduction in the par value of every existing ordinary share of RM1.00 each in the Company entails the cancellation of RM0.85 of the par value, which will result in a reduction of the existing issued and paid-up share capital of the Company from RM154,800,002 comprising 154,800,002 ordinary shares of RM1.00 each in the Company to approximately RM23,220,000 comprising 154,800,002 ordinary shares of RM0.15 each in the Company;
  - (ii) a revised proposed renounceable rights issue of up to 193,500,002 new ordinary shares of RM0.15 each in the Company together with 38,700,000 free detachable new warrants on the basis of five right shares for every four existing ordinary shares of RM0.15 each held in the Company after the revised proposed reduction in par value;
  - (iii) a proposed increase in the authorised share capital of the Company from RM500,000,000 comprising 490,000,000 ordinary shares of RM1.00 each and 100,000,000 Irredeemable Convertible Preference Shares of RM0.10 each ("ICPS") to RM550,000,000 comprising 3,600,000,000 ordinary shares of RM0.15 each and 100,000,000 ICPS;
  - (iv) revised proposed amendments to the Memorandum and Articles of Association of the Company; and
  - (v) a proposed exemption for Dato' Lim Kim Huat under Practice Note 9 of the Malaysian Code on Take-overs and Mergers, 2010 from an obligation to undertake a mandatory take-over offer for the remaining ordinary shares of RM0.15 each in the Company (after the revised proposed reduction in par value) not already held by him after the revised proposed rights issue.

Other than the above, there were no other corporate proposals announced but not completed as at the date of this announcement.

**B9. Borrowings**

	Denominated in local currency as at 31.3.2011 RM'000	Denominated in foreign currency as at 31.3.2011 RM'000	Total as at 31.3.2011 RM'000
<b>Secured short-term borrowings:</b>			
Bank overdraft	4,689	-	4,689
Term loan	128	6,675	6,803
Hire purchase payables	179	-	179
Bankers Acceptance	1,363	-	1,363
Trust Receipts	8,999	-	8,999
	<u>15,358</u>	<u>6,675</u>	<u>22,033</u>
<b>Secured long-term borrowings:</b>			
Term loan	911	-	911
Hire purchase payables	345	-	345
	<u>1,256</u>	<u>-</u>	<u>1,256</u>

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

Chinese Renminbi	<u>RM'000</u> <u>6,675</u>
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**B10. Off Balance Sheet financial instruments**

There were no off balance sheet financial instruments as at the date of this report.

**B11. Material litigation**

As at the date of this report, the Group is not engaged in any material litigation which in the opinion of the Board of Directors will have a material effect on the financial position or the business of the Group.

**B12. Dividends**

There were no dividends declared during the quarter under review.



**B13. Loss per share**

	Individual and Cumulative period ended	
	31 March 2011	31 March 2010
<b>Basic loss per share</b>		
Net loss for the period (RM'000)	(2,185)	(2,211)
Weighted average number shares in issue ('000)	154,800	154,800
Basic loss per share (sen)	<u>(1.41)</u>	<u>(1.43)</u>

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

**B14. Realised and Unrealised Profits/Losses**

	<b>As at 31.3.2011 RM'000</b>	<b>As at 31.12.2010 RM'000</b>
- realised	(54,630)	(52,606)
- unrealised	<u>(6,722)</u>	<u>(6,076)</u>
	(61,352)	(58,682)
Less: consolidated adjustments	<u>(17,948)</u>	<u>(18,433)</u>
Total accumulated losses	<u>(79,300)</u>	<u>(77,115)</u>

**B15. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2010 was unqualified.