

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.

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 other than the reduction of RM0.85 in par value of each existing ordinary share of RM1.00 each in the Company pursuant to section 64(1) of the Companies Act, 1965 with effective from 12 December 2011 and the proposed rights issue which has been completed on 27 January 2012 which formed an integral part of the proposal.

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

12 Months Ended 31 December 2011					
Segments	Manufacturing (Malaysia)	Investment Holding & Others	Total Continuing Operations	Discontinuing Operation- Manufacturing (China)	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	10,803	-	10,803	12,059	22,862
Loss After Tax	2,715	21,424	24,139	26,237	50,376
Total Assets	24,343	1,670	26,013	57,800	83,813

12 Months Ended 31 December 2010					
Segments	Manufacturing (Malaysia)	Investment Holding & Others	Total Continuing Operations	Discontinuing Operation- Manufacturing (China)	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	25,512	-	25,512	30,104	55,616
Loss After Tax	4,423	33,433	37,856	18,942	56,798
Total Assets	37,394	2,799	40,193	86,178	126,371

(b) Geographical Segments

By Geographical	12 months Ended 31 December 2011		12 months Ended 31 December 2010	
	Revenue RM'000	Non-current Assets RM'000	Revenue RM'000	Non-current Assets RM'000
Malaysia-continuing operations	10,803	5,043	25,512	9,583
China-discontinued operation	12,059	25,768	30,104	29,622
	<u>22,862</u>	<u>30,811</u>	<u>55,616</u>	<u>39,205</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 other than as disclosed in A12.

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:-

	As at 31.12.2011
	RM'000
Approved and contracted for:-	
Property, plant and equipment	<u>49</u>

A12. Comparatives

On 28 February 2012, the Company had entered into a sale and purchase agreement with LiuQuan Group Stocks Limited ("LQGS") for the disposal of the entire equity interest in Shanghai Ge Fung Marble & Granite Co Ltd ("SGMG") to LQGS for a total cash consideration of RMB69.0 million.

In accordance with FRS5: Non-Current Assets Held for Sale and Discontinued Operations, SGMG is classified as Disposal Group held for sale/discontinued operations. The comparatives of the Discontinued Operations in the preceding year corresponding quarter and year-to-date have been reclassified and restated as follows:

Condensed Consolidated Income Statement

	4th Quarter of 2010		
	As previously stated	Disposal Group- FRS 5	As Restated
	RM'000	RM'000	RM'000
Revenue	16,313	(9,266)	7,047
Cost of Sales	16,770	(10,129)	6,641
Gross profit/(loss)	(457)	(863)	406
Other income	256	(194)	62
Selling and marketing expenses	1,394	(1,383)	11
Administrative expenses	2,584	(1,460)	1,124
Other expenses	43,763	(12,240)	31,523
Finance costs	471	(91)	380
Loss before taxation	48,413	(15,843)	32,570
Income tax expense	-	-	-
Loss for the period from Continuing Operations	48,413	(15,843)	32,570
Loss for the period from Discontinued Operations	-	15,843	15,843

A12. Comparatives (cont'd)**Condensed Consolidated Income Statement (cont'd)**

	FY2010		
	As previously stated	Disposal Group- FRS 5	As Restated
	RM'000	RM'000	RM'000
Revenue	55,616	(30,105)	25,511
Cost of Sales	50,438	(27,063)	23,375
Gross profit/(loss)	5,178	(3,042)	2,136
Other income	1,068	(769)	299
Selling and marketing expenses	2,511	(2,463)	48
Administrative expenses	8,916	(4,605)	4,311
Other expenses	49,881	(15,287)	34,594
Finance costs	1,759	(398)	1,361
Loss before taxation	56,821	(18,942)	37,879
Income tax expense	(23)	-	(23)
Loss for the year from Continuing Operations	56,798	(18,942)	37,856
Loss for the year from Discontinued Operations	-	18,942	18,942

A13. Discontinued Operations and Disposal Group Classified as Held for Sale

The assets, liabilities and reserve related to SGMG have been presented in the statement of financial position as "Assets of disposal group classified as held for sale", "Liabilities directly associated with disposal group classified as held for sale" and "Reserve of disposal group classified as held for sale" and its results are presented separately on the statement of comprehensive income as "Loss from continued operation, net of tax".

Statement of financial position disclosure

	As at 31.12.2011 RM'000
Assets:	
Property, plant and equipment	25,768
Inventories	19,687
Trade and other receivables	11,924
Cash and bank balances	421
Assets of disposal group classified as held for sale	<u>57,800</u>
Liabilities:	
Deferred tax liabilities	3,764
Trade and other payables	12,142
Bank borrowing	7,240
Liabilities directly associated with disposal group classified as held for sale	<u>23,146</u>
Reserve:	
Translation reserve	3,600
Reserve fund	3,209
Revaluation reserve	11,518
Reserve of disposal group classified as held for sale	<u>18,327</u>

A13. Discontinued Operations and Disposal Group Classified as Held for Sale (cont'd)Statement of comprehensive income disclosure

The results of SGMG for the 12 months ended 31 December are as follows:

	31.12.2011	31.12.2010
	RM'000	RM'000
Revenue	12,059	30,104
Cost of sales	(11,727)	(27,063)
Gross profit	332	3,041
Other income	3,803	1,608
	4,135	4,649
Selling and marketing expenses	(948)	(2,463)
Administrative expenses	(5,522)	(4,605)
Other expenses	(18,357)	(16,125)
Finance costs	(786)	(398)
Net operating loss	(21,478)	(18,942)
Loss recognised on mark to fair value	(5,356)	-
Loss before tax from discontinued operation	(26,834)	(18,942)
Taxation expenses	597	-
Loss from discontinued operation, net of tax	(26,237)	(18,942)

Statement of cash flows disclosures

The cash flows attributable to SGMG are as follows:

	31.12.2011	31.12.2010
	RM'000	RM'000
Operating	4,817	13,212
Investing	(144)	(2,281)
Financing	(5,116)	(10,859)
Net cash(outflows)/inflows	(443)	72

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

B1. Review of Performance

a) 4Q11 vs. 4Q10

Description	4Q11	4Q10	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue				
- from Continuing Operations	1,305	7,047	(5,742)	(81%)
- from Discontinued Operation	4,261	9,266	(5,005)	(54%)
	5,566	16,313	(10,747)	(65%)
Loss After Tax				
- from Continuing Operations	(22,652)	(32,570)	(9,918)	(30%)
- from Discontinued Operation	(17,977)	(15,843)	2,134	13%
	(40,629)	(48,413)	(7,784)	(16%)

The Group achieved a revenue of RM5.5 million for the quarter ended 31 December 2011 ("4Q11"), 65% lower compared to the revenue of RM16.3 million for the quarter ended 31 December 2010 ("4Q10"). The lower revenue registered in 4Q11 is mainly due to no significant projects being secured during the period concerned couple with market sentiments in China are not so encouraging.

The Group recorded a loss after taxation of RM40.6 million for the 4Q11 compared to the loss after taxation of RM48.4 million for the 4Q10 is mainly due to loss recognised on mark to fair value on the net assets of the Disposal Group couple with impairment loss on goodwill.

b) FY2011 vs. FY2010

Description	FY2011	FY2010	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue				
- from Continuing Operations	10,803	25,512	(14,709)	(57%)
- from Discontinued Operation	12,059	30,104	(18,045)	(59%)
	22,862	55,616	(32,754)	(58%)
Loss After Tax				
- from Continuing Operations	(24,139)	(37,856)	(13,717)	(36%)
- from Discontinued Operation	(26,237)	(18,942)	7,295	38%
	(50,376)	(56,798)	6,422	11%

The Group achieved a revenue of RM22.8 million for the financial year ended 31 December 2011 ("FY2011"), 57% lower compared to the revenue of RM55.6 million for the financial year ended 31 December 2010 ("FY2011"). The lower turnover registered in FY2011 is mainly due to no significant projects being secured both locally and overseas during the period concerned.

The Group recorded a loss after taxation of RM50.3 million for FY2011 compared to the loss after taxation of RM56.7 million for FY2010. The losses recorded in FY 2011 is mainly due to loss recognised on mark to fair value on the net assets of the Disposal Group, impairment loss on goodwill, provision for slow-moving inventories and lower margin.

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

Description	4Q2011	3Q2011	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Profit/(Loss) Before Tax				
- from Continuing Operations	(22,652)	504	(23,156)	(4594%)
- from Discontinued Operation	(17,977)	(5,493)	(12,484)	(227%)
	(40,629)	(4,989)	(35,640)	(714%)

For the current quarter, the Group posted a loss before taxation of RM40.6 million compared to the loss before taxation of RM4.9 million for the quarter ended 30 September 2011. The higher losses in 4Q11 was mainly due to loss recognised on mark to fair value on the net assets of the Disposal Group, impairment loss on goodwill, provision for slow-moving inventories and lower margin.

B3. Commentary on Next Year's Prospects

The Company has decided to realign its business to downsize its marble and granite business with the proposed disposal of its wholly owned subsidiary company in Shanghai. Moving forward, the Company will focus, among others, on property development which expects to contribute positively to the Group in the near future. In addition to the Memorandum of Understanding signed on the proposed property joint venture in Jakarta, Indonesia, the Group is also evaluating other potential property development opportunities.

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	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Current tax:-				
-for the financial year	-	-	-	-
-overprovision in the previous financial year	-	-	-	(23)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23)</u>

No provision for taxation expenses for the quarter and year-to-date ended 31 December 2011 due to loss incurred for the Group.

B6. Corporate Proposals

- (a) On 10 March 2011, the Company entered into a Memorandum of Understanding (“MOU”) 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.

On 9 December 2011, the Company announced that the parties are still in the midst of negotiating and finalising the Definitive Agreement and all parties agreed to extend the exclusivity period of the MOU by a further three (3) months expiring 10 March 2012.

- (b) On 13 April 2011, the Company announced the following (Collectively referred to as “Proposals”):-
- (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.

The above proposals have been completed on 27 January 2012.

Other than the above, there were no new corporate proposals announced but not completed as at 21 February 2012 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

B7. Borrowings

	Denominated in local currency as at 31.12.2011	
	Short-term RM'000	Long-term RM'000
Secured borrowings:		
Bank overdraft	1,130	-
Term loan	96	1,391
Hire purchase payables	161	225
Trust Receipts	6,899	-
	<u>8,286</u>	<u>1,616</u>

B8. 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.

B9. Dividends

There were no dividends declared during the quarter under review.

B10. Loss per share

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Basic loss per share				
Loss attributable to equity holders of the company				
-From Continuing Operations(RM'000)	(22,652)	(32,570)	(24,139)	(37,856)
-From Discontinued Operations(RM'000)	(17,977)	(15,843)	(26,237)	(18,942)
	<u>(40,629)</u>	<u>(48,413)</u>	<u>(50,376)</u>	<u>(56,798)</u>
Weighted average number shares in issue ('000)	<u>154,800</u>	<u>154,800</u>	<u>154,800</u>	<u>154,800</u>
Basic earnings per share attributable to equity holders of the company				
-From Continuing Operations(sen)	(14.63)	(21.04)	(15.59)	(24.45)
-From Discontinued Operation(sen)	(11.61)	(10.23)	(16.95)	(12.24)
	<u>(26.24)</u>	<u>(31.27)</u>	<u>(32.54)</u>	<u>(36.69)</u>

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

B11. Notes to the Statements of Comprehensive Income

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Interest income	36	30	153	123
Other income	25	-	94	1
Interest expense	224	380	1,093	1,361
Depreciation and amortisation	51	105	284	363
Provision for and write off of receivables	126	374	126	375
Provision for and write off of inventories	1,515	415	1,482	415
(Gain)/loss on disposal of property, plant & equipment	6	(15)	8	(98)
Impairment loss on goodwill	18,033	30,846	18,033	30,846
Net foreign exchange (gain) or loss	124	(113)	(723)	2,957
Discontinued Operation				
Interest income	1	1	4	5
Other income	2,711	42	3,424	484
Interest expense	243	92	786	398
Depreciation and amortisation	414	292	1,438	1,214
Provision for and write off of receivables	2,394	11,302	3,423	11,702
Provision for and write off of inventories	10,010	988	14,704	4,424
(Gain)/loss on disposal of property, plant & equipment	-	(19)	1	(19)
Net foreign exchange (gain) or loss	(96)	(50)	(376)	(838)
Loss recognised on mark to fair value	5,356	-	5,356	-

B12. Realised and Unrealised Profits/Losses

	As at 31.12.2011 RM'000	As at 31.12.2010 RM'000
- realised	(127,099)	(52,606)
- unrealised	(386)	(6,076)
	(127,485)	(58,682)
Less: consolidated adjustments	(6)	(18,433)
Add: reduction in Par Value-as disclosed in A5	131,580	-
Total retained earnings/(accumulated losses)	4,089	(77,115)

B13. Auditors' Report on Preceding Annual Financial Statements

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