

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134-INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011. These explanatory notes attached to the interim financial statements 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 2011.

The significant accounting policies and presentation adopted by the Group in this interim financial statements are consistent with those of the Group’s consolidated audited financial statements for the year ended 31 December 2011.

On 19 November 2011, MASB announced the adoption of the Malaysian Financial Reporting Standards (“MFRS Framework”). The MFRS framework is effective from 1 January 2012 and is to facilitate convergence with the International Financial Reporting Standards (“IFRS”). Nevertheless, the Group is allowed by MASB to defer the adoption of these new accounting standards to financial year ending 31 December 2013 as the Group now (*after proposed diversification of the business of the Group into property development which has been approved by shareholders of the Company at an Extraordinary General Meeting held on 22 June 2012*) is within the scope of IC Interpretation 15 Agreements for Construction of Real Estate.

However, on 30 June 2012, the MASB decided to allow the deferment for the adoption of the MFRS framework to another year which is financial year ending 31 December 2014.

Upon adoption of these new accounting standards, the impact on the financial position and performance of the Group has yet to be determined as the Group is in the process of assessing the financial effects of the differences between FRS and accounting standards under the MFRS Framework.

In presenting its first MFRS financial statements, the Group will be required to restate the financial position as at 1 January 2013 to amounts reflecting the application of MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2014.

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

The issued and paid-up capital of the Company has been increased by 109,099,750 ordinary shares from 154,800,002 to 263,899,752 ordinary shares of RM0.15 each as a result of the following:-

i) Renounceable Rights Issue

On 27 January 2012, the Company issued a total of 109,099,750 new ordinary shares of RM0.15 each at an issue price of RM0.15 per Rights Share on the basis of five (5) rights shares together with one (1) warrant for every four (4) ordinary shares of RM0.15 each.

ii) Warrants 2012/2017

The Company issued a total of 21,819,950 warrants pursuant to the Rights Issues as disclosed above (i). As at the date of this report, none of the warrants has been exercised.

Save for the above, 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

12 Months Ended 31 December 2012					
Segments	Continuing Operations			Discontinued Operation	Group
	Manufacturing (Malaysia)	Investment Holding & Others	Property Development	Manufacturing (China)	
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	5,699	-	-	2,314	8,013
Profit/(Loss) After Tax	(4,644)	1,234	(11)	(5,035)	(8,456)
Total Assets	13,192	11,632	28,203	-	53,027

A7. Segmental Information (cont'd)**(a) Business Segments (cont'd)****12 Months Ended 31 December 2011**

Segments	Continuing Operations			Discontinued Operation	Group
	Manufacturing (Malaysia)	Investment Holding & Others	Property Development	Manufacturing (China)	
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	10,803	-	-	12,058	22,861
Profit/(Loss) After Tax	(2,681)	(21,423)	-	(26,237)	(50,341)
Total Assets	24,603	1,670	-	57,800	84,073

(b) Geographical Segments

By Geographical	12 months Ended 31 December 2012		12 months Ended 31 December 2011	
	Revenue	Non-current Assets	Revenue	Non-current Assets
	RM'000	RM'000	RM'000	RM'000
Malaysia-continuing operations	5,699	31,742	10,803	5,042
China-discontinued operation	2,314	-	12,058	25,768
	8,013	31,742	22,861	30,810

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 B6.

A9. Changes in the Composition of the Group

There were no 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 2011.

A11. Capital Commitment

There were no capital commitments as at the date of this announcement.

A12. Discontinued Operations / Disposal of Subsidiary

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 (“Proposed Disposal”). The Proposed Disposal has been completed on 21 September 2012.

Effect of disposal on the financial position of the Group

	31.12.2012
	RM'000
Property, plant and equipment	25,778
Inventories	17,760
Deferred taxation-in relation to property revaluation	(3,765)
Other payable *	(7,243)
Net assets disposed	32,530
Transfer from foreign exchange reserve	(2,962)
	29,568
Total disposal proceeds-net cash inflow	(34,048)
Gain on disposal of discontinued operations	(4,480)

* Pursuant to the sale and purchase agreement for the disposal of SGMG dated 28 February 2012, the Purchaser shall assist in the redemption of the bank loan. The repayment of bank loan of about RM7.243 million (equivalent to RMB14.50 million) has been duly effected.

Statement of comprehensive income disclosure

Result of discontinued operations are as follows:

	31.12.2012	31.12.2011
	RM'000	RM'000
Revenue	2,314	12,059
Cost of sales	(2,166)	(11,727)
Gross profit	148	332
Other income	185	3,803
	333	4,135
Selling and marketing expenses	-	(948)
Administrative expenses	(935)	(5,522)
Other expenses	(4,001)	(18,357)
Finance costs	(432)	(786)
Net operating loss	(5,035)	(21,478)
Loss recognised on re-measurement to fair value less costs to sell	-	(5,356)
Loss before tax from discontinued operation	(5,035)	(26,834)
Taxation expenses	-	597
Loss from discontinued operation, net of tax	(5,035)	(26,237)

A13. Related Party Transactions

The significant related party transactions for the 12 months ended 31 December are as follows:

Company in which directors have interest in

	31.12.2012	31.12.2011
	RM'000	RM'000
Sales of stones and provision of contract workmanship and other related services	2,214	2,235

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

B1. Review of Performance

a) 4Q12 vs.3Q11

Description	4Q12	4Q11	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue				
- from Continuing Operations	1,203	1,305	(102)	(8%)
- from Discontinued Operation	-	4,261	(4,261)	(100%)
	1,203	5,566	(4,363)	(78%)
Loss After Tax ("LAT")				
- from Continuing Operations	(2,427)	(22,617)	(20,190)	(89%)
- from Discontinued Operation	-	(17,977)	(17,977)	(100%)
	(2,427)	(40,594)	(38,167)	(94%)

The Group achieved revenue of RM1.2 million for the quarter ended 31 December 2012 ("4Q12"), 78% lower compared to the revenue of RM5.5 million for the quarter ended 31 December 2011 ("4Q11"). The lower revenue registered in 4Q12 is mainly due to the Company being selective in tendering for jobs in Malaysia where payment is assured and margin is reasonable. Further, there is no contribution from its China subsidiary as the disposal of the said subsidiary was completed on 21 September 2012.

The Group recorded a LAT of RM2.4 million for the 4Q12 compared to the LAT of RM40.5 million for the 4Q11. The LAT of RM2.4 million is mainly due to provision for doubtful debts on the receivables assigned from China subsidiary for the current quarter under review.

b) FY12 vs. FY11

Description	FY12	FY11	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue				
- from Continuing Operations	5,699	10,803	(5,104)	(47%)
- from Discontinued Operation	2,314	12,058	(9,744)	(81%)
	8,013	22,861	(14,848)	(65%)
Loss After Tax ("LAT")				
- from Continuing Operations	(3,421)	(24,104)	(20,683)	(86%)
- from Discontinued Operation	(5,035)	(26,237)	(21,202)	(81%)
	(8,456)	(50,341)	(41,885)	(83%)

The Group achieved revenue of RM8.0 million for the financial year ended 31 December 2012 ("FY12"), 65% lower compared to the revenue of about RM22.8 million for the financial year ended 31 December 2011 ("FY11"). The lower revenue registered in FY12 is mainly due to the Company being selective in tendering for jobs in Malaysia where payment is assured and the margin is reasonable and the scaling down of business in China in view of the disposal of its subsidiary during the FY12.

The Group recorded a LAT of RM8.4 million for the FY12 compared to the LAT of RM50.3 million for the FY11. The LAT recorded in FY12 is mainly due to provision for receivables and write-down value of inventories.

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

Description	4Q2012	3Q2012	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Loss Before Tax ("LBT")				
- from Continuing Operations	(2,427)	(247)	2,180	882%
- from Discontinued Operation	-	(2,272)	(2,272)	(100%)
	(2,427)	(2,519)	(92)	(3%)

For the current quarter, the Group posted a LBT of RM2.4 million compared to the LBT of RM2.5 million for the quarter ended 30 September 2012. The LBT is principally due to provision for doubtful debts on the receivables assigned from China subsidiary for the current quarter under review.

B3. Commentary on Next Year's Prospects

The Company will be focusing on property development and subject to approvals being obtained from the relevant authorities it expects the land development to take off in the fourth quarter of 2013 which shall contribute positively to the bottom line of the Company.

B4. Profit Forecast

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

B5. Income Tax Expense

No provision for taxation expenses for the quarter and year-to-date ended 31 December 2012 due to loss incurred for the Group.

B6. Corporate Proposals

1) There were no corporate proposals announced but not completed and new proceeds raised from a corporate exercise as at 21 February 2013 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

2) As at the reporting date, the status of the utilisation of proceeds raised from the corporate exercises are as set out below:-:

(i) the Rights Issue of shares as disclosed in Note A5(i)

Purpose	Proposed Utilisation	Actual Utilisation	Balance to be Utilised	Expected Timeframe for Utilisation of Proceeds from the Date of Listing of the Rights Shares
	RM'000	RM'000	RM'000	
(i) Repayment of bank borrowings	3,000	3,000	-	Within three (3) months
(ii) Proposed venture into new businesses including property development locally and abroad	8,000	8,000	-	Within two (2) years
(iii) Working capital	4,525	3,333	1,192	Within two (2) years
(iv) Estimated expenses for the Rights Issue	840	778	62	Within one (1) month
Total	16,365	15,111	1,254	

B6. Corporate Proposals (cont'd)

(ii) the Disposal proceeds as disclosed in the Note A12

Purpose	Proposed Utilisation	Actual Utilisation	Balance to be Utilised	Expected Timeframe for Utilisation of Disposal Proceeds
	RM'000	RM'000	RM'000	
(i) Proposed venture into new businesses including property development	25,000	20,126	4,874	Within 24 months
(ii) Working capital	8,748	6,687	2,061	Within 12 months
(iii) Defraying estimated expenses in relation to the Proposed Disposal	300	267	33	Within 3 months
Total	34,048	27,080	6,968	

B7. Borrowings

Secured borrowings:	Denominated in local currency as at 31.12.2012	
	Short-term RM'000	Long-term RM'000
Term loan	171	1,167
Hire purchase payables	110	85
Bankers' acceptance	521	-
	802	1,252

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

i) Basic Loss Per Share

	Individual Quarter Ended		Cumulative Period Ended	
	31.12.12	31.12.11	31.12.12	31.12.11
Loss attributable to equity holders of the company				
-From Continuing Operations(RM'000)	(2,427)	(22,617)	(3,421)	(24,104)
-From Discontinued Operations(RM'000)	-	(17,977)	(5,035)	(26,237)
	(2,427)	(40,594)	(8,456)	(50,341)
Weighted average number of ordinary shares in issue('000)	263,900	162,714	255,808	162,714
Basic loss per share attributable to equity holders of the company				
-From Continuing Operations(sen)	(0.92)	(13.90)	(1.34)	(14.81)
-From Discontinued Operations(sen)	-	(11.05)	(1.97)	(16.13)
	(0.92)	(24.95)	(3.31)	(30.94)

B10. Loss Per Share (cont'd)**ii) Diluted Loss Per Share**

	Individual Quarter Ended		Cumulative Period Ended	
	31.12.12	31.12.11	31.12.12	31.12.11
Loss attributable to equity holders of the company				
-From Continuing Operations(RM'000)	(2,427)	(22,617)	(3,421)	(24,104)
-From Discontinued Operations(RM'000)	-	(17,977)	(5,035)	(26,237)
	(2,427)	(40,594)	(8,456)	(50,341)
Weighted average number of ordinary shares in issue('000)	263,900	162,714	255,808	162,714
Effect of dilution('000)	- [^]	-	- [^]	-
Adjusted weighted average number of ordinary shares in issue and issuable('000)	263,900	162,714	255,808	162,714
Diluted loss per share attributable to equity holders of the company				
-From Continuing Operations(sen)	(0.92)	(13.90)	(1.34)	(14.81)
-From Discontinued Operations(sen)	-	(11.05)	(1.97)	(16.13)
	(0.92)	(24.95)	(3.31)	(30.94)

[^] As the exercise price for the Warrants 2012/2017 is higher than average market price for the quarter and year-to-date under review, it is assumed that the holders of the warrants will not exercise the warrants.

B12. Realised and Unrealised Profits/Losses

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
- realised	4,707	4,482
- unrealised	(29)	(352)
	4,678	4,130
Add/(Less): consolidated adjustments	4,085	(6)
Total retained earnings	8,763	4,124

B13. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 was unqualified.