

Notes to the Second Quarter Report
For The Financial Period Ended 30 June 2012

NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (“FRS”) NO. 134 – INTERIM FINANCIAL REPORTING

1. Accounting policies and basis of preparation

The condensed consolidated interim financial statements have been prepared under the historical cost convention unless specifically stated otherwise, as modified by the revaluation of certain properties.

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and Chapter 9.22 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The condensed consolidated interim financial statements have been reviewed by the Company’s external auditors in accordance with the International Standards on Review Engagements (“ISRE”) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011. The 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, except for the following:-

Adoption of a new Malaysian Accounting Standards Board (“MASB”) accounting framework, the Malaysian Financial Reporting Standards (“MFRS”) framework

The Group has adopted the MFRS framework issued by the MASB with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia’s existing Financial Reporting Standards (FRS) framework with the International Financial Reporting Standards (IFRS) framework issued by the International Accounting Standards Board. In adopting the new framework, the Group has applied MFRS 1 “*First-Time Adoption of Malaysian Financial Reporting Standards*”. There has been no material impact upon the adoption of the MFRS on the financial statements of the Group.

2. Status of Annual Audited Financial Statements 2011

The auditors’ report on the Group’s most recent annual audited financial statements for the year ended 31 December 2011 was not subject to any audit qualification.

3. Seasonal or cyclical factors

The business operations of the Group are generally not affected by any major seasonal or cyclical factors, except for the China’s temperature-controlled logistics operations which are affected by winter season in the country.

4. Unusual item

There were no unusual items affecting assets, liabilities, equity, net income or cash flows to date.

5. Changes in estimates

There were no changes in estimates of amounts reported in prior interim period of current financial year or in prior financial years that may have a material effect in the current quarter.

6. Issuance/repayment of debts and equity securities

There was no issuance, cancellation, repurchase, resale or repayment of debts and equity securities in the current quarter.

The cumulative shares bought back since the previous financial years and up to the current quarter ended 30 June 2012 was 7,604,100 shares and held as treasury shares in accordance with Section 67A of the Companies Act, 1965. As at 30 June 2012, the numbers of outstanding shares issued and fully paid with voting rights were 80,540,900 ordinary shares of RM0.50 each.

7. Dividends paid

No dividends were paid during the current quarter under review.

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8. Segmental reporting

The financial results by business segments for the six (6) months period ended 30 June 2012 are as follows:

	Engineering	Ice Manufacturing	Temperature- controlled logistics/ warehousing	Others	Elimination	Consolidated Amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE						
-External	3,690	3,958	17,421	3		25,072
-Internal segment only	684	218	5,679	530	(7,111)	-
Total revenue	4,374	4,176	23,100	533	(7,111)	25,072
RESULT						
Segment Results	(66)	(2,047)	4,186	297	272	2,642
Interest income	2	3	21	1,628	(1,627)	27
Unallocated corporate expenses						(1,270)
Operating profit						1,399
Finance costs						(5,499)
Loss before tax						(4,100)
Taxation						65
Loss after tax						(4,035)

9. Valuations of Property, Plant and Equipment

The valuations of land and buildings have been brought forward, without any amendments from the annual audited financial statements for the year ended 31 December 2011.

10. Material events subsequent to end of the interim period

There was no material events subsequent to the end of the current quarter ended 30 June 2012 up to the date of this announcement.

11. Changes in the composition of the Company

There were no significant changes in the composition of the Group for the current quarter ended 30 June 2012.

12. Capital commitments

Capital commitments for the Group not provided for as of 30 June 2012 are as stated below:

	RM'000
Approved and contracted for	4,229

13. Contingent liabilities

Contingent liabilities for the Group are as stated below:

	As at 30-Jun-12 RM'000	As at 31-Dec-11 RM'000
Corporate guarantees for bank facilities granted to subsidiaries	62,418	62,262
Corporate guarantee to Directors for their personal guarantee for bank facilities granted to the Group	19,800	19,800
Corporate guarantees for bank facilities granted to subsidiaries disposed	24,680	24,680
Litigation suit	2,053	2,009

NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. Performance review

The Group reported revenue of RM13.48 million during the second quarter of 2012 ("Q2 2012"), a marginal increase of 2.9% over RM13.10 million from the corresponding quarter of the preceding year ("Q2 2011"), mainly due to improve revenue from Temperature-Controlled Logistics ("TCL") operation in Malaysia including the claim of RM0.56 million from our TCL customer and the Engineering division is off-set by lower revenue from TCL operation in China. The Group recorded lower net loss before minority interest of RM2.12 million in Q2 2012 as compared to the net loss before minority interest of RM12.40 million in Q2 2011 mainly due to provision made for utilities claim of RM4.80 million and loss of RM2.63 million incurred by TCL operation in Shanghai in Q2 2011.

15. Material change in quarterly results

The Group's Q2 2012 revenue of RM13.48 million as compared to the immediate preceding quarter ("Q1 2012") revenue of RM11.60 million, represents an increase of 16.2% mainly due to improved revenue from TCL operation and Engineering division. The Group recorded a marginally higher net loss before minority interest of RM2.12 million in Q2 2012 against the net loss before minority interest of RM1.91 million in Q1 2012 mainly as a result of higher legal fees for litigation under Ice Division.

16. Prospects for this financial year

Following the classification of the Company as a Practice Note 17 ("PN 17") company pursuant to Paragraph 8.04 and Paragraph 2.1(e) and 2.1(f) of PN 17 of the MMLR of Bursa Securities in June 2010, the Company had on 22 December 2011 submitted the application for the Proposed Regularisation Plan ("PRP") to Bursa Securities for approval. The ability of the Group and the Company to continue as a going concern entity in the foreseeable future is dependent on the approvals by the relevant authorities as well as the successful outcome of the PRP to be undertaken by the Group and the Company. With reference to the announcement dated 2 August 2012 with regards to the proposed disposals of the seven (7) parcels of properties located at Port Klang and a subsidiary, IGLO (Guangzhou) Co., Ltd, the proceeds of which would be utilised to redeem the majority outstanding loans of the Group. In the event that the said proposals are approved and implemented, there would be substantial reduction of finance costs which will favourably impact the bottom line of the Group.

The Group will nevertheless remain focused on its core operations i.e. TCL and Industrial Refrigeration Engineering, and in particular, will further strengthen and expand the business networks to new regions in order to improve the profitability of the Group. We will also continue to explore viable and profitable business opportunities in the near future to strengthen the financial foundations of the Group and enable it to return to profitability.

17. Profit forecast

Not applicable in this Quarterly Report.

18. Taxation

	Current quarter RM'000	Financial period to-date RM'000
Malaysian tax		
Current taxation	-	-
Deferred taxation	(33)	(65)
	<u>(33)</u>	<u>(65)</u>

The effective tax rate for the current quarter and the financial period to-date are disproportionate to the statutory tax rate due to losses of certain subsidiary companies that are not available for set-off against taxable profits of profitable subsidiary companies, non-deductibility of certain expenses and availability of unabsorbed losses and capital allowances.

19. Status of corporate proposals

(a) The Company is a PN 17 Company as it has triggered the following criteria pursuant to paragraph 8.04 and Paragraph 2.1(e) and 2.1(f) of PN 17 of the MMLR of Bursa Securities.

On 7 September 2010, the Company announced that the regularisation plan to regularise the Company's PN 17 status ("Regularisation Plan") will not result in a significant change in the business direction or policy presently adopted by the Company.

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Further on 8 October 2010, the Company had announced that the CDRC had on even date accepted the Company's application to mediate between HAISAN and its subsidiaries and its financial creditors. On 13 May 2011, the Company had submitted the final PDRS to CDRC.

On 3 June 2011, the Company had announced that the Company had on 2 June 2011 submitted an application to Bursa Securities for an extension of time to submit its Regularisation Plan to Bursa Securities ("Application").

On 9 June 2011, Bursa Securities informed the Company that the suspension on the trading of the Company's securities and the delisting of the Company in accordance with Paragraph 8.04 of the MMLR shall be deferred pending the decision of Bursa Securities on the Company's application for the extension of time to submit the Company's Regularisation Plan to the relevant authorities pursuant to the provision of PN17 of the MMLR.

On 29 June 2011, Bursa Securities informed the Company that after due consideration of all facts and circumstances of the matter, Bursa Securities has decided to reject the Company's Application.

On 30 June 2011, the Company had announced that Bursa Securities has vide its letter dated 29 June 2011 informed that the Company has failed to submit its regularisation plan to the Securities Commission or Bursa Securities for approval within twelve (12) months from the Company's First Announcement in accordance with paragraph 8.04(3)(a)(i) of the MMLR i.e. on or before 8 June 2011 and further, the Company's Application was rejected, as communicated by Bursa Securities to the Company on 29 June 2011.

In the circumstances and pursuant to paragraph 8.04(5) of the MMLR:-

- (i) the trading in the securities of the Company will be suspended with effect from 7 July 2011; and
- (ii) the securities of the Company will be de-listed on 11 July 2011 unless an appeal is submitted to Bursa Securities on or before 6 July 2011 ("the Appeal Timeframe"). Any appeal submitted after the Appeal Timeframe will not be considered by Bursa Securities.

In the event the Company submits an appeal to Bursa Securities within the Appeal Timeframe, the removal of the securities of the Company from the Official List of Bursa Securities on 11 July 2011 shall be deferred pending the decision on the Company's appeal.

The Company had on 6 July 2011, submitted an Appeal to Bursa Securities against the decision of Bursa Securities to reject the Company's Application. On 11 August 2011, the Company had a meeting with the Listing Committee of Bursa Securities to review the Application on the extension for the submission of the regularization plan.

On 11 August 2011, the Company had announced that it had obtained more than 75% approval from both its secured and unsecured financial creditors for its revised PDRS, as informed by CDRC.

Further on 23 August 2011, the Company had announced that Bursa Securities had decided to grant HAISAN an extension of time of four (4) months i.e. until 22 December 2011 to submit the regularisation plan to the relevant authorities for approval ("the Extended Timeframe") provided that:-

- (1) HAISAN appoint a Principal Adviser and announce the appointment of the Principal Adviser within two (2) weeks from the date of the letter i.e. on or before 6 September 2011; and
- (2) The DRA would be executed with the Company's lenders and announced within thirty (30) days from the date of the Corporate Debt Restructuring Committee's letter dated 10 August 2011 i.e. on or before 9 September 2011.

On 6 September 2011, the Company had announced that HAISAN had appointed Public Investment Bank Berhad ("PIVB") as the Principal Adviser to the Company for the Regularisation Plan.

On 12 September 2011, the Company had announced that Bursa Securities had decided to grant HAISAN an extension of time until 23 September 2011 to execute the DRA with the Company's lenders and announce the execution of the same. On the same day, PIVB had announced of behalf of the Company that Haisan had on even date entered into the DRA with certain of the secured lenders and unsecured lenders of the Group ("the Company's Financiers").

On 23 November 2011, the Company and PIVB had presented a revision to the Proposed Debt Restructuring ("Proposed Revision") to the Company's Financiers and CDRC, with the objective to enhance the Company's Proposed Regularisation Plan ("PRP") by increasing its capital base and cashflows in order to make the PRP more robust. The Company had obtained approval from the Company's Financiers on the Proposed Revision on 19 December 2011.

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On 22 December 2011, PIVB had on behalf of the Company, submitted the application for the PRP to Bursa Securities for approval. Further on 9 January 2012 and 16 January 2012, PIVB had also submitted the application for the PRP to Bank Negara Malaysia ("BNM") and Ministry of International Trade and Industry ("MITI") respectively, for approval. MITI had vide its letter dated 10 February 2012 given its approval to the Company to undertake the Proposed Capital Reduction, Proposed M&A Amendments, Proposed Rights Issue, Proposed Debt Restructuring and Proposed Private Placement. Whilst BNM had also vide its letter dated 30 January 2012 given its approval to the Company to issue Warrants to its non-resident shareholders pursuant to the Proposed Rights Issue. On 16 April 2012, the Company had entered into a supplemental agreement to the DRA with the Company's Financiers with regard to the Proposed Revision.

- (b) On 23 February 2011, the Company announced that IGLO International Limited ("IIL") had signed a Memorandum of Understanding ("MOU") with Glacier Refrigerated Services Corporation ("Glacier") to explore the cooperation potential in cold storage business in the Philippines. On 29 May 2012, IIL had entered into a mutual termination of the MOU with Glacier.
- (c) On 2 August 2012, the Company announced that the Company accepted the letter of offers from the following parties for the acquisitions of certain assets of Haisan and its subsidiaries:
- (i) Letter of offer from Asia Logistics Ltd ("ALL") dated 21 June 2012 for the proposed acquisition of IGLO (Guangzhou) Co., Ltd, a wholly-owned subsidiary of IIL, which in turn is a wholly-owned subsidiary of Haisan, for a cash consideration of RMB 30,000,000 or equivalent to approximately RM14,682,000; and
- (ii) Letter of offer from Global Fund Investment (UK) Limited ("GFI") dated 28 June 2012 for the proposed acquisition of the seven (7) parcels of leasehold industrial land together with the buildings if erected thereon, all located at Jalan Pelabuhan Utara, 42000 Port Klang, Selangor for a total cash consideration of RM35,000,000 ("Proposed Disposal").

The Proposed Disposal is negotiated on the basis that the properties will be subsequently leased back from GFI to Haisan. Presently, Haisan and GFI are in negotiation to finalise the terms of the sale and leaseback arrangement.

20. Group borrowings and debt securities

Total Group borrowings as at 30 June 2012 are as follows:

	Short term RM'000	Long term RM'000	Total RM'000
Secured			
Denominated in RM			
Term loan	20,139	-	20,139
Revolving credits	545	-	545
Bank overdraft	29,997	-	29,997
Hire purchase & lease payables	48	167	215
	<u>50,729</u>	<u>167</u>	<u>50,896</u>
Unsecured			
Denominated in RM			
Revolving credits	4,542	-	4,542
Bank overdraft	18,140	-	18,140
Term loan	40,000	-	40,000
	<u>62,682</u>	<u>-</u>	<u>62,682</u>
Secured			
Denominated in foreign currency (*)			
Term loan			
VND 34,174,269,996	5,215	-	5,215
Revolving credits			
USD 1,056,410	3,410	-	3,410
	<u>8,625</u>	<u>-</u>	<u>8,625</u>
Total	<u>122,036</u>	<u>167</u>	<u>122,203</u>

* translated using exchange rate as at 30 June 2012

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21. Material Litigation

- (a) A third party has initiated a legal proceeding against a subsidiary of the Company and the Company, by serving a Writ of Summons together with the Statement of Claim dated 1 September 2010, for a sum of RM4,760,064.25, being the outstanding repayment due to the third party as at 11 July 2010, plus the interest accrued therein until the date of full settlement. The subsidiary and the Company have filed their Notice of Appearance on 21 September 2010 and the first Case Management of the matter was on 9 December 2010. However, the third party had agreed to hold its action in abeyance following a letter dated 8 October 2010 issued by CDRC to the third party. The Court gave directions to parties with regards to Summary Judgment application during the further Case Management on 17 December 2010 and fixed the hearing of the Summary Judgment application on 15 April 2011. This was to accommodate the six (6) months timeframe granted by CDRC which expires on 8 April 2011. During another case management on 16 February 2011, the Court directed that the Summary Judgment to be heard as per the date fixed earlier i.e. 15 April 2011. On 15 April 2011, the Learned High Court Judge adjourned the hearing to 18 May 2011. On 18 May 2011, the third party withdrew the suit with liberty to file afresh. The matter is now subject to the outcome of the PRP mentioned in Note 19 (a) above.
- (b) A third party has initiated a legal proceeding against two (2) subsidiaries of the Company, by serving a Writ of Summons together with the Statement of Claim dated 1 September 2010, for a sum of RM872,061.73, being the outstanding repayment due to the third party as at 11 July 2010, plus the interest accrued therein until the date of full settlement. The subsidiaries have filed their Notice of Appearance on 21 September 2010. However, the third party had agreed to hold its action in abeyance following a letter dated 8 October 2010 issued by CDRC to the third party. During the first Case Management before High Court Judge on 6 December 2010, the Court directed Summary Judgment application to be filed and all affidavits be exchanged before the next Case Management on 16 February 2011 and also fixed 15 April 2011 as the hearing date of the Summary Judgment application. This was to accommodate the six (6) months time frame granted by CDRC which expires on 8 April 2011. On 16 February 2011, the Court directed that the Summary Judgment to be heard as per the date fixed earlier i.e. 15 April 2011. On 15 April 2011, the Learned High Court Judge adjourned the hearing to 18 May 2011. On 18 May, 2011, the third party withdrew the suit with liberty to file afresh. The matter is now subject to the outcome of the PRP mentioned in Note 19 (a) above.
- (c) A third party has initiated a legal proceeding against the Company, by serving a Writ of Summons together with the Statement of Claim dated 1 September 2010, for a sum of RM3,753,009.44, being the outstanding repayment due to the third party as at 11 July 2010, plus the interest accrued therein until the date of full settlement. The Company has filed its Notice of Appearance on 21 September 2010 and the matter was fixed for Case Management on 18 November 2010. However, the third party had agreed to hold its action in abeyance following a letter dated 8 October 2010 issued by CDRC to the third party. During a Case Management before High Court Judge on 30 November 2010, the Court directed Summary Judgment application to be filed and all affidavits be exchanged before the next Case Management on 13 April 2011 and also fixed the hearing of the Summary Judgment application on 13 April 2011. On 13 April 2011, the Learned High Court Judge adjourned the hearing to 18 May 2011. On 18 May 2011, the hearing was further adjourned to 18 July 2011. On 18 July 2011, the third party withdrew the suit with liberty to file afresh. The matter is now subject to the outcome of the PRP mentioned in Note 19 (a) above.
- (d) A third party has issued a notice dated 7 September 2010 to a subsidiary of the Company to claim for a sum of RM4,798,977.54, being the amount owing to the third party ("Notice"). The subsidiary immediately applied for leave to take out judicial review proceeding to inter alia quash the Notice and for an injunction. The decision for the interlocutory injunction came up on 24 November 2010 before the Shah Alam High Court Judge. The Injunction was disallowed. The subsidiary was then immediately on the even date, i.e. 24 November 2010, applied for an Erinford Injunction orally and the judge reserved the decision to 1 December 2010.

On 24 November 2010, the subsidiary lodged an appeal to the Court of Appeal against the decision, disallowing the interlocutory injunction. The subsidiary had lodged a notice of discontinuance of the appeal against the decision for the interlocutory injunction at the Court of Appeal on 12 June 2012, which the appeal was scheduled to be heard on 28 June 2012.

On 1 December 2010, Shah Alam High Court dismissed the subsidiary's application for an Erinford Injunction, and then the subsidiary applied for the Notice of Motion to the Court of Appeal. The Court of Appeal allowed the motion and granted an Erinford Injunction. During the Case Management for the substantive judicial review on 14 December 2010, the Registrar fixed 17 February 2011 as the hearing of the Judicial Review application. The subsidiary filed its affidavit in reply on 14 January 2011. On 17 February 2011, the Learned Judge directed that the matter to be postponed for four (4) months pending the decision by the Federal Court and fixed the matter for hearing on 14 July 2011. The hearing was adjourned to 13 September 2011 and was further adjourned to 18 January 2012 and later to 19 March 2012. On 19 March 2012, the High Court upheld the third party's preliminary objection and dismissed the subsidiary's judicial review application. The matter is now pending appeal to the Court of Appeal and there is also an application for an Erinford Injunction pending at the High Court to be heard on 28 May 2012. On 28 May 2012, the hearing for the Erinford Injunction had

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been adjourned to 27 June 2012. On 27 June 2012, the Shah Alam High Court dismissed the Erinford Injunction filed by the subsidiary with costs of RM3,000.00. The subsidiary had filed a notice of motion praying for an Erinford Injunction at the Court of Appeal upon the refusal of the Shah Alam High Court to grant the same on 28 June 2012. The notice of motion praying for an Erinford Injunction to the Court of Appeal called up on 28 August 2012 at the Court of Appeal and a consent order was recorded for an Erinford Injunction to be in place until 30 October 2012. In addition, the appeal against the dismissal of the Judicial Review Application by the Shah Alam High Court will be heard at the Court of Appeal on 30 October 2012.

- (e) A third party has initiated a legal proceeding against a subsidiary of the Company and the Company, by serving a Writ of Summons together with the Statement of Claim dated 23 September 2010, for a sum of RM929,507.70, being the outstanding repayment due to the third party as at 11 July 2010, plus the interest accrued therein until the date of full settlement. The third party also issued a Form 16D Notice pursuant to Section 254 of the National Land Code, 1965 - Notice of Default with respect to a charge dated 23 September 2010 on the subsidiary. The subsidiary and the Company have filed their Notice of Appearance on 14 October 2010. However, the third party has agreed to hold its action in abeyance following a letter dated 8 October 2010 issued by CDRC to the third party. During a Mention on 13 April 2011, the Learned High Court Judge adjourned the hearing to 18 May 2011. On 18 May 2011, the hearing is further adjourned to 18 July 2011. On 18 July, 2011, the third party withdrew the suit with liberty to file afresh. The matter is now subject to the outcome of the PRP mentioned in Note 19 (a) above.
- (f) A third party has initiated a legal proceeding against a subsidiary of the Company and the Company, by serving a Writ of Summons together with the Statement of Claim dated 27 September 2010, for a sum of RM3,153,326.93 being the outstanding repayment due to the third party as at 30 June 2010, plus the interest accrued therein until the date of full settlement. The subsidiary and the Company have filed their Notice of Appearance on 26 October 2010. However, the third party has agreed to hold its action in abeyance following a letter dated 8 October 2011 issued by CDRC to the third party. The matter is now subject to the outcome of the PRP mentioned in Note 19 (a) above.
- (g) A third party has initiated a legal proceeding against a subsidiary of the Company and the Company, by serving a Writ of Summons together with the Statement of Claim dated 27 September 2010, for a sum of RM22,025,765.28 being the outstanding repayment due to the third party as at 27 September 2010, plus the interest accrued therein until the date of full settlement. The third party also issued a Form 16D Notice pursuant to Section 254 of the National Land Code, 1965 - Notice of Default with respect to a charge dated 29 September 2010 on the subsidiary. On 25 November 2010, the subsidiary and the Company have filed their Memorandum of Appearance dated 24 November 2010. However, the third party has agreed to hold its action in abeyance following a letter dated 8 October 2010 issued by CDRC to the third party. The matter is now subject to the outcome of the PRP mentioned in Note 19 (a) above.
- (h) A third party issued a Form 16D Notice pursuant to Section 254 of the National Land Code, 1965 - Notice of Default with respect to a charge dated 28 October 2010 to a subsidiary of the Company for a sum of RM929,404.69, being the outstanding repayment due to the third party as at 17 June 2010, plus the interest accrued therein until the date of full settlement. However, the third party has agreed to hold its action in abeyance following a letter dated 8 October 2010 issued by CDRC to the third party. The matter is now subject to the outcome of the PRP mentioned in Note 19 (a) above.
- (i) On 30 September 2011, two (2) subsidiaries of the Company, First Plaintiff and Second Plaintiff, had filed an action against a third party ("Defendant") for the following sums:-
 - a. A sum of RMB769,560.81, being the outstanding warehouse management fees due from March to July 2011, owing by the Defendant to the First Plaintiff, plus the interest accrued therein;
 - b. A sum of RMB545.66, being the outstanding local education surcharges due from January to March 2011, owing by the Defendant to the First Plaintiff;
 - c. A sum of RMB929,725.93, being the outstanding distribution services fees due from March to May 2011, owing by the Defendant to the Second Plaintiff, plus interest accrued therein; and
 - d. A sum of RMB438.50, being the outstanding local education surcharges due from January to March 2011, owing by the Defendant to the Second Plaintiff.

The suit was fixed for hearing on 1 December 2011 and was adjourned to 20 March 2012 and was further adjourned to 29 March 2012. The Court on 29 March 2012 adjourned the hearing to a later date which will be informed by the Court.

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- (j) On 30 September 2011, a third party filed an action against two (2) subsidiaries of the Company (“the Subsidiaries”) for the following:-
- Confirmation of the termination of the Direct Warehouse Management and Direct Marketing Distribution Service Contract and its supplemental agreement;
 - The loss of expired goods valuing at RMB3,381,576.00 which resulted from the delay of returning the said expired goods; and
 - A sum of RMB176,794.28 being the loss of inventory.

The suit was fixed for hearing on 5 December 2011 and was adjourned to 2 March 2012 and was further adjourned to 28 March 2012 and later to 23 April 2012. The Court had rejected the claims made by the third party against the Subsidiaries. The judgment was made by the Court after the hearing on 23 April 2012 and the Subsidiaries were informed of the judgment on 25 April 2012 via a written judgment dated 23 April 2012 issued by the Court. Nevertheless, the third party may file an appeal against the judgment within fifteen (15) days from the date of the written judgment is served. On 21 May 2012, the Subsidiaries received a notice of appeal dated 8 May 2012 (“Appeal”) filed by Wall’s (China) Co., Ltd to the Shanghai No. 1 Intermediate People’s Court against the Judgment dated 23 April 2012. The hearing for the Appeal is fixed on 30 May 2012. No further hearing date for the Appeal has been fixed to date.

- (k) A subsidiary of the Company filed a Writ of Summons dated 4 January 2012 and Statement of Claim dated 3 January 2012 and served to a third party (“Defendant”) on 4 January 2012. The subsidiary claims against the third party for a sum of RM607,824.46, being the outstanding rental charges, owing by the third party to the subsidiary (“Claim”). The Case Management of the suit has been conducted on 3 February 2012, 17 February 2012 and 8 March 2012 respectively, and the full trial of the suit is fixed on 21 May 2012.

On 13 April 2012, the subsidiary has entered into a Debt Settlement Agreement (“DSA”) with the Defendant in respect of the Claim. Pursuant to the DSA, the Defendant agrees to pay the subsidiary a sum of RM557,800.00 on or before twenty-one (21) days from the signing of the DSA as the full and final settlement of the Claim. Upon receipt of the full settlement payment, the subsidiary shall immediately instruct their solicitors to discontinue and withdraw the suit by filing a Notice of Discontinuance with no liberty to file afresh and each party to bear its own costs. The subsidiary of the company has received the full and final settlement of the claim from the Defendant, pursuant to the DSA. The subsidiary through its solicitors, filed a Notice of Discontinuance with no liberty to file afresh at the Kuala Lumpur High Court, to withdraw the suit on 28 April 2012.

- (l) The Company was named seventh (7th) Defendant in a suit which involved the disposal of the Company’s 50% subsidiary for a consideration of RM12.0 million pursuant to the announcement dated 17 January 2011. The disposal of the shares was approved by the Company’s shareholders at an Extraordinary General Meeting on 12 March 2011. The 1st Plaintiff, who owned 40% shares in the subsidiary, also sold his shares to the 1st Defendant.

After the 7th Defendant’s and the 1st Plaintiff’s shares in the subsidiary have been transferred to the 1st Defendant, the 1st Plaintiff alleged that the 1st Defendant had breached the agreement entered into with the 1st Plaintiff and sought the court to declare that the 1st Defendant is holding the shares on trust and seek an order that the agreement entered into between the 1st Defendant and the 1st Plaintiff be terminated.

At the same time, the Plaintiffs also alleged that the disposal of the shares by the 7th Defendant to the 1st Defendant should also be terminated due to illegality, and the Plaintiffs, for the said reason, had filed for a declaration that the agreement entered into between the 1st Defendant and the 7th Defendant is terminated in the same action.

The suit came up for Case Management on 5 March 2012 and it was informed by the Plaintiffs that the service of the writ was not perfected on some of the defendants in the suit and requested another date to perfect the same. The court had directed that the Plaintiffs perfect the service of the writ on all parties within one (1) week from 5 March 2012 and thereafter allowed two (2) weeks for all parties to file their defence and fixed the suit for further Case Management on 26 March 2012. On 26 March 2012, the Court had granted an extension of three (3) weeks to the Company to file its defence and fixed the Case Management on 7 May 2012 and later on 22 May 2012. At the Case Management held on 22 May 2012, the Court had further fixed the Case Management on 6 June 2012 and further fixed the Case Management on 20 June 2012. The suit is fixed for full trial on 17 October 2012, 18 October 2012, 28 November 2012 and 29 November 2012 on the Case Management held on 20 June 2012. The Court has given direction for the Plaintiffs to file their bundle of pleadings, common bundle of documents, agreed facts and issues to be tried before 27 July 2012 and fixed the case management on 27 July 2012. On 27 July 2012, the Court has fixed for further Case Management on 17 August 2012 pending filing of bundle of documents by the Plaintiff. On 17 August 2012, the Court has fixed the suit for further case management on 13 September 2012.

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22. Loss per share

	Individual quarter		Cumulative period	
	6 months ended 30-Jun-12	6 months ended 30-Jun-11	6 months ended 30-Jun-12	6 months ended 30-Jun-11
Loss attributable to equity holders for the period (RM'000)	(2,121)	(12,398)	(4,026)	(21,166)
a) <u>Basic</u>				
Weighted average number of ordinary shares in issue ('000)	80,541	80,541	80,541	80,541
Basic loss per share (sen)	(2.63)	(15.39)	(5.00)	(26.28)
b) <u>Diluted</u>				
Weighted average number of ordinary shares in issue ('000)	80,541	80,541	80,541	80,541
Effect of share options ('000)	*	*	*	*
Weighted average number of ordinary shares ('000)	*	*	*	*
Diluted loss per share (sen)	*	*	*	*

* No diluted EPS is disclosed as the effect is anti-dilutive

23. Dividend

No interim dividend has been declared for the current quarter under review.

24. Realised and unrealised losses disclosure:

The accumulated losses are analysed as follows:-

	As at 30-Jun-12 RM'000	As at 31-Dec-11 RM'000
Total accumulated loss of the Company and its subsidiaries		
- Realised	(133,871)	(129,742)
- Unrealised	(6,004)	(6,069)
Less: Consolidation adjustments	55,134	54,852
Accumulated loss as per financial statements	(84,741)	(80,959)

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Notes to the Second Quarter Report
For The Financial Period Ended 30 June 2012

25. Loss before tax

	Current quarter RM'000	Financial period to-date RM'000
Loss before income tax is arrived at after (charging)/crediting:		
Interest income	16	27
Other income including investment income	42	923
Interest expense	(2,703)	(5,499)
Depreciation and amortization	(1,165)	(2,220)
Foreign exchange gain	1,040	795

Other than the above, the disclosure items pursuant to paragraph 16 of Part A of Appendix 9B of the MMLR of Bursa Securities are not applicable to the Group.

26. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 29 August 2012.