**PART A – Explanatory Notes Pursuant to FRS 134**

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with 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 for the year ended 31 January 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 January 2011.

**A2. Accounting policies and methods of computation**

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group, except for the adoption of new FRSs, amendments and IC Interpretations (“IC Int”) that are mandatory for the Group for the financial year beginning 1 February 2011.

|  |  |
| --- | --- |
| **Revised FRSs** |  |
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 3 | Business Combinations |
| FRS 127 | Consolidated and Separate Financial Statements |
| **Amendments/Improvements to FRS** |  |
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 2 | Share-based Payment |
| FRS 3 | Business Combinations |
| FRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| FRS 7 | Financial Instruments: Disclosures |
| FRS 101 | Presentation of Financial Statements |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates |
| FRS 128 | Investments in Associates |
| FRS 131 | Investments in Joint Ventures |
| FRS 132 | Financial Instruments: Presentation |
| FRS 134 | Interim Financial Reporting |
| FRS 138 | Intangible Assets |
| FRS 139 | Financial Instruments: Recognition and Measurements |
| **IC Int** |  |
| IC Int 4 | Determining Whether an Arrangement contains a Lease |
| IC Int 12 | Service Concession Arrangements |
| IC Int 16 | Hedges of a Net Investment in a Foreign Operation |
| IC Int 17 | Distributions of Non-Cash Assets of Owners |
| IC Int 18 | Transfers of Assets from Customers |
|  |  |
| **Amendments to IC Int** |  |
| IC Int 9 | Reassessment of Embeded Derivative |
| IC Int 13 | Customer Loyalty Programmes |

The adoption of these new FRSs, amendments and IC Int do not have a material impact on the interim financial information of the Group.

**Revised FRSs, Amendments/Improvements to FRSs, IC int and Amendments to IC Int that are issued, but not yet effective and have not been adopted early**

On 19 November 2011, the Malaysian Accounting Standards Board issued the International Financial Reporting Standards (“IFRS”) compliant Malaysia Financial Reporting Standards (“MFRS”) to fully converge with IFRSs on 1 January 2012. Entities other than private entities shall apply the MFRS framework for the annual period on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate, may in the alternative apply FRS as its financial reporting framework for annual period on or after 1 January 2012 and shall comply with the MFRS framework for annual period beginning on or after 1 January 2013.

The Group, being an entity subject to the application of IC Int 15 Agreements for the Construction of Real Estate, elects to continue preparing its financial statements in accordance with the FRS framework and shall comply with the MFRS framework for annual period beginning on or after 1 July 2013.

The directors do not anticipate that the application of the revised FRSs, amendments/improvements to FRSs, IC Int, amendments to IC Int and new MFRSs when they are effective, will have a material impact on the results and the financial position of the Group.

**A3. Seasonality or Cyclicality of Operations**

The business operations of the Group are not affected by any material seasonal or cyclical factors.

**A4. Unusual Items**

There were no unusual items that have material effects on the assets, liabilities, equity, net income, or cash flows for the current financial year-to-date other than those mentioned in Note B1.

**A5. Material Changes in Estimates**

There was no change to estimates that has a material effect in the current year quarter and current financial year-to-date.

**A6. Debt and Equity Securities**

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current year quarter and current financial year-to-date.

**A7. Dividend**

No dividend has been paid in the current financial year-to-date.

**A8. Segmental Results**

Segmental results are included in Note B1 below.

**A9. Material Subsequent Events**

The Company had on 17 February 2012, entered into an agreement to purchase 4,590,191 ordinary shares of RM1.00 each representing 15.80% equity interest in subsidiary West Coast Expressway Sdn Bhd (WCE) for a total purchase consideration of RM5,336,097-00. Together with 18,649,046 ordinary shares of RM1.00 each (64.20%) currently being held, the Company now holds 80% equity interest in WCE.

**A10. Changes in the Composition of the Group**

There were no material changes in the composition of the Group for the current year quarter and financial year-to-date.

**A11. Contingent Liabilities**

Keuro Leasing Sdn Bhd (KLSB), a wholly-owned subsidiary was indebted to Bangkok Bank Berhad (BBB) for an amount of RM5.77 million. The bank borrowing was secured against a piece of development land of 74.53 acres in Sepang, Selangor (the Land) which belongs to associated company, Talam Corporation Berhad (Talam). The Land, valued at RM48.70 million, was part and parcel of properties sold by Talam to a creditor under an agreement entered into on March 2010. Despite its awareness of this agreement, BBB, had on 7 September 2010, proceeded to auction the Land to a purchaser for RM15 million, thus giving rise to a potential loss of RM33.70 million to KLSB, should Talam be unsuccessful in recovering the Land which is currently being pursued vigorously through court actions taken against purchaser for auction done in bad faith and, against BBB, for having wrongfully auctioned the Land.

Based on counsel’s advice, the Board believes Talam has a reasonably good and valid claim in the legal actions being taken.

**PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of Performance**

1. **Segmental Information**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | **Current quarter** | | | | **Cumulative quarters** | | | |
|  | **2012** | | **2011** | **Changes** | | **2012** | **2011** | **Changes** | |
| **Segmental Revenue** | **RM’000** | | **RM’000** | **RM’000** | **%** | **RM’000** | **RM’000** | **RM’000** | **%** |
|  |  | |  |  |  |  |  |  |  |
| Manufacturing and trading of industrial products | | 3,253 | 2,464 | 789 | 32 | 12,901 | 13,238 | (337) | (3) |
| Construction | | 1,817 | 4,536 | (2,719) | (60) | 6,318 | 12,525 | (6,207) | (50) |  | |
| Investment holding, management services and leasing | (104) | | 479 | (583) | (122) | 556 | 2,232 | (1,676) | (75) |  | |
|  | 4,966 | | 7,479 | (2,513) | (34) | 19,775 | 27,995 | (8,220) | (29) | |  |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Current quarter** | | | | **Cumulative quarters** | | | |
|  | **2012** | **2011** | **Changes** | | **2012** | **2011** | **Changes** | |
| **Profit/(Loss) before tax** | **RM’000** | **RM’000** | **RM’000** | **%** | **RM’000** | **RM’000** | **RM’000** | **%** |
|  |  |  |  |  |  |  |  |  |
| Manufacturing and trading of industrial products | 902 | 122 | 780 | 639 | 3,250 | 2,702 | 548 | 20 |
| Construction | (1,222) | (927) | (295) | (32) | (20,553) | (4,077) | (16,476) | (404) |
| Investment holding, management services and leasing | 28035 | (25,619) | 53,654 | 309 | 48,752 | (45,114) | 93,866 | 308 |
|  | 27,715 | (26,424) | 54,139 | 304 | 31,449 | (46,489) | 77,938 | 268 |

1. **Overall Results Commentary:**

**For the quarter:**

The Group recorded a revenue of RM 4.97 million which is a decrease of 34% compared to the revenue recorded in the preceding year quarter. The Group recorded a pre-tax profit of RM27.72 million compared to a pre-tax loss of RM26.42 million incurred in the preceding quarter.

**For the year:**

The Group recorded a turnover of RM19.78 million which is a decrease of 29% compared to the revenue recorded in previous year. The Group recorded a pre-tax profit of RM31.45 million which is an increase of 268% compared to pre-tax losses recorded in previous year.

1. **Segmental Results Commentary:**

**i) Manufacturing and trading of industrial products:**

**For the quarter:**

Revenue of the division increased by 32% due to increase in volume of production and sales as compared to previous quarter. The pre-tax profit increased by 639% as in the previous year management fee of RM0.42 million was charged by the holding company but not in the current year.

**For the year:**

Revenue of the division approximated that of the previous year. The division’s pre-tax profit increase by 20% as there was no management fee of RM0.42 million charged, as mentioned above.

**ii) Construction:**

**For the quarter:**

Revenue of the division declined by 60% as the construction projects were near completion. However, the pre-tax losses increased by 32% due to reversal of provision for doubtful debts of RM1.94 million made in the earlier periods.

**For the year:**

Revenue of the decreased by 50% as the current construction projects are near completion. The division suffered an increase in pre-tax loss of 404% mainly due to provision for doubtful debt amounting to RM18.93 million.

**iii) Investment holding, Management Services and Leasing:**

**For the quarter:**

The revenue decreased by 122% due to a reversal of income that was over charged in the previous quarter. However, division recorded an increase in pre-tax profit of 309% due to a gain on accretion of equity interest in Trinity of RM50.79 million, a waiver of debt by a creditor of RM6.62 million, a reversal of provision for loss on fair value of short term investment of RM 5.04 million, but the increase was reduced by a provision for impairment in leasehold land of RM6.15 million. The gain on accretion of equity interest in Trinity arose when the group accounts for its increased share of Trinity’s net assets in proportion to its higher equity shareholding as a result of conversion of Trinity financial instruments purchased into Trinity shares during the year.

**For the year:**

Revenue for this division reduced by 75% due to lesser activity during the year. However, the division recorded an increase in pre-tax profit of 308% mainly due to a gain of RM44.20 million resulting from redemption and cancellation of 346.04 million loan stocks by Trinity, a gain of RM4.27 million on disposal of sale of investments and a gain on accretion of equity interest in Trinity of RM 52.67 million as mentioned above. The increase, however, was reduced by the provision for impairment on leasehold land amounting to RM6.15 million.

**B2. Comparison with Preceding Quarter’s Results**

**Overall:**

For the 4th quarter of financial year, the Group achieved a total revenue of RM 4.96 million and pre-tax profit of RM29.82 million against total revenue of RM3.84 million and pre-tax profit of RM1.33 million of the preceding period. The increase in pre-tax profit was due mainly due to the gain on accretion of equity interest in Trinity of RM 50.79 million as mentioned above, the waiver of debt by a creditor amounting to RM6.62 million and the reversal of provision for loss on fair value of short term investment of RM5.04 million. The increase in pre-tax profit was, however, reduced by the provision for impairment of leasehold land of RM6.15 million and impairment of goodwill in investment of RM0.34 million.

**B3. Prospects**

(a) West Coast Expressway Sdn Bhd (WCE), a 64.2% subsidiary company of the Company, has received an approval letter dated 26 January 2012 from the Public Private Partnership Unit of the Prime Minister’s Department for WCE to undertake the Proposed Privatization of the Construction of the West Coast Expressway.

The Concession from Banting in Selangor to Taiping in Perak will cover a distance of 316km, of which 224km will be tolled while 92km will be toll- free. The estimated Project cost is RM7.07 billion.

Among the principle terms agreed are as follows:-

(i) the Project is a build-operate-transfer (BOT) project with a concession period of 60 years;

(ii) to enhance the viability of the Project, a Government Support Loan (GSL) of RM2.24 billion, commencing from year 2013 at an interest rate of 4% per annum, and an interest subsidy, of up to 3% from commercial loans for a period of 22 years, will be granted to WCE. The terms of the GSL and the interest subsidy will be finalized by WCE with the Ministry of Finance;

(iii) toll revenue in excess of an agreed traffic volume will be shared on the basis of 70:30 between the Government of Malaysia (“GOM”) and WCE till full settlement of the GSL and subsequently 30:70 after the settlement of the GSL;

(iv) the land acquisition cost of up to RM980 million for the Project will be borne by the GOM.

The Directors are of the opinion that long term viability of the WCE project will further

enhance the future earnings and financial position of the Group.

(b) Radiant Pillar Sdn Bhd (RPSB), a 50%-owned associate, which was alienated 1,877.87 acres of land by the State Government of Selangor pursuant to a settlement agreement dated 13 August 2010, intends to launch property development projects in the second half of 2012.

**B4. Profit Forecast and Guarantee**

No profit forecast or guarantee was issued in respect of the current financial year.

**B5. Taxation**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Individual Quarter** | | |  | **Cumulative Period** | | |
|  | **Current**  **Year**  **Quarter** |  | **Preceding Year**  **Quarter** |  | **Current**  **Year**  **To-date** |  | **Preceding Year**  **To-date** |
|  | **31/01/2012** |  | **31/01/2011** |  | **31/01/2012** |  | **31/01/2011** |
|  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |
| Income Tax |  |  |  |  |  |  |  |
| - current year  - prior year | (177)  11 |  | (358)  40 |  | (804)  1 |  | (655)  (3,120) |
|  | (166) |  | (318) |  | (803) |  | (3,775) |
| Deferred Tax |  |  |  |  |  |  |  |
| - current year | - |  | - |  | 301 |  | (358) |
| - prior year | - |  | - |  | - |  | - |
|  | - |  | - |  | 301 |  | (358) |
|  |  |  |  |  |  |  |  |
| Total | (166) |  | (318) |  | (502) |  | (4,133) |

Income tax provision for the current year is mainly in respect of a manufacturing subsidiary.

**B6. Status of Corporate Proposals**

There were no announced corporate proposals which were not completed as at the date of this announcement.

**B7. Group Borrowings and Debt Securities**

The Group’s borrowings and debt securities which are denominated in Ringgit Malaysia as at 31 January 2012 are as follows:

|  |  |
| --- | --- |
|  | **RM’000** |
| Short term borrowings |  |
| - secured | 12,926 |
| - unsecured | 20,069 |
|  | 32,995 |
| Long term borrowings |  |
| - secured | 109,000 |
| Total borrowings | 141,995 |

**B8. Off Balance Sheet Risk Financial Instruments**

The Group did not contract for any financial instruments with off balance sheet risk as at the date of this announcement.

**B9. Material Litigation**

The Group has not engaged in any material litigation since the last annual year end date.

**B10. Dividend**

No dividend has been declared for the current and preceding financial year.

**B11. Earnings Per Share**

**Basic**

The basic earnings per share is calculated by dividing the Group’s net profit attributable to owners of RM27,433,000 for the current year quarter and RM30,541,000 for the current financial year by the number of ordinary shares in issue as at 31 January 2012 of 520,991,765 shares.

For the preceding year quarter and preceding financial year, the basic earnings per share is calculated by dividing the Group’s net loss attributable to owners of RM26,730,000 for the current year quarter and RM50,787,000 for the current financial year by the number of ordinary shares in issue as at 31 January 2011 of 476,283,546 shares.

**Diluted**

The diluted earnings per share is not calculated as there is no dilutive effect on earnings per share for the current year quarter and current financial year-to-date.

**B12. Realised and Unrealised Profit/(Losses)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As at**  **31 January 2012** |  | **As at**  **31 January 2011** |
|  | **RM’000** |  | **RM’000** |
| Accumulated losses of the Group and its subsidiaries: |  |  |  |
| - Realised | (232,811) |  | (270,514) |
| - Unrealised | (57) |  | 846 |
| Associated companies: |  |  |  |
| - Realised | (185,713) |  | (179,181) |
| - Unrealised | (9,126) |  | (9,399) |
| Total group accumulated losses | (427,707) |  | (458,248) |

**B13. Audit Report**

The auditors’ report of the financial statements for the year ended 31 January 2011 was not subject to any qualification.

**B14. Authorisation for Issue**

The interim financial reports were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 March 2012.

By order of the Board

Raw Koon Beng

Company Secretary