NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134 (formerly known as MASB 26): Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2006.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2006 except for the adoption of the following new/revised FRS which are effective for financial periods beginning on or after 1 January 2006:

FRS 2 Share-based Payment
FRS 3 Business Combinations
FRS 5 Non-Current Assets Held for Sale and Discontinued Operations
FRS 101 Presentation of Financial Statements
FRS 102 Inventories
FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110 Events after the Balance Sheet Date
FRS 116 Property, Plant and Equipment
FRS 121 The Effects of Changes in Foreign Exchange Rates
FRS 127 Consolidated and Separate Financial Statements
FRS 128 Investments in Associates
FRS 132 Financial Instruments: Disclosure and Presentation
FRS 133 Earnings Per Share
FRS 136 Impairment of Assets
FRS 138 Intangible Assets
FRS 140 Investment Property

The adoption of the new / revised FRSs does not have a significant financial impact on the Group's results or equity as at 31 March 2006 and 31 December 2006. However, the following standards represent a significant change in accounting policies. Certain presentational changes have been incorporated to reflect classification changes required by the new standards.

FRS 2 Share-based payment
FRS 3 Business Combinations
FRS 5 Non-Current Assets Held for Sale and Discontinued Operations
FRS 101 Presentation of Financial Statement
FRS 121 The Effects of Changes in Foreign Exchange Rates
FRS 136 Impairment of Assets
FRS 138 Intangible Assets
FRS 140 Investment Property

The principal changes in accounting policies resulting from the adoption of the above FRSs by the Group are summarized below:

a) FRS 2: Share-based Payment

An entity is required to recognize share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets or equity instruments of the entity.

Prior to 1 January 2006, no compensation expense was recognized in the income statement for share options granted. Effective from 1 January 2006, with the adoption of FRS 2, the fair value of employee services rendered in exchange for the grant of the share options is recognized as an expense over the vesting period. The total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each share option granted at the grant date and the number of share options vested by vesting date, with a corresponding increase in equity.

The Group granted and vested share options on 23 December 2005 and accordingly, there is no effect of the change.

b) FRS 3: Business Combination
FRS 136: Impairment of Assets
FRS 138: Intangible Assets

Under FRS 3, Goodwill acquired in a business combination shall not be amortised. Instead, the acquirer shall test it for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, in accordance with FRS 136 *Impairment of Assets*.

An excess of the Group's interest in the fair value of acquiree's identifiable assets, liabilities, contingent liabilities over the cost of acquisition ("negative goodwill") or vice versa, after reassessment, is charged to retained earnings.

The effect on the Group arising from this change in accounting policy is as follows:

	As at 1 April 2006 RM'000
Decrease in reserves on consolidation	(3,369)
Increase in retained earnings	3,369

c) FRS 5: Non-Current Assets Held for Sale and Discontinued Operations

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The assets are available for immediate sale in its present condition and the sale is highly probable.

Non-current assets classified as held for sale stated at the lower of carried amount and fair value less cost to sell.

Non-current assets held for sale previously classified under property, plant and equipment is now disclosed as a separate line item on the face of the consolidated balance sheet within current assets and the effect has been applied prospectively.

d) FRS 101: Presentation of Financial Statement

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of net after-tax results of associates and other disclosures. In the consolidated balance sheets, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity where it requires disclosure, on the face of the statement of changes in equity, total recognized income and expenses for the period, showing separately the amounts attributable to equity holders of the Company and to minority interest.

e) FRS 121: The Effects of Changes in Foreign Exchange Rates

The financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional and presentation currency.

On consolidation the results and financial position of all the group entities which have a functional currency different from that of the parent company’s functional currency are translated into the parent company’s functional and presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate;

- Income and expenses for each income statement are translated at average exchange rates; and

- All resulting exchange differences are recognized as a separate component of equity.

f) FRS 140: Investment Property

FRS 140 defines an investment property as a property held for long-term rental yield and/or for capital appreciation and, that is not occupied by the companies in the Group. It is initially measured at cost, including direct transaction costs.

The Group has adopted the cost model to measure all its investment properties. Under the cost model, investment property is stated at depreciated cost less any accumulated impairment losses.

Some property which was previously classified under property, plant and equipment is now classified as investment property within non-current assets. The effect on the balance sheet as at 31 March 2006 arising from this change in accounting policy is as follows:

	As at 1 April 2006
	RM'000
Increase in investment properties	5,494
Decrease in property, plant and equipment	(5,494)

A2. Qualification of financial statements

The latest audited financial statements of the Group were not subject to any audit qualification.

A3 Seasonal or Cyclical Factors

The Group's operations are not materially affected by any seasonal or cyclical factors in a way that the interim results under review may not correlate to the preceding year's corresponding interim results.

A4 Nature and amount of unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period to-date.

A5 Nature and amount of changes in estimates

There were no significant changes in estimates that have had a material effect in the current quarter and financial period to-date.

A6 Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities by the Group for the interim period under review.

A7 Dividend paid

No dividend was paid during the current quarter (2006: Nil).

A8 Segmental Reporting

Business segment information of the Group for the nine (9) months ended 31 December 2006 is as follows:

	Specialised electrical and mechanical engineering services RM'000	Turnkey, infrastructure, civil and structural RM'000	Property holding and development RM'000	Investment holding and others RM'000	Total RM'000
Operating Revenue					
External	108,324	60,752	37,418	3,430	209,924
Inter segment	-	(15,699)	-	(3,177)	(18,876)
	108,324	45,053	37,418	253	191,048
Results					
Segment results	5,785	410	1,825	748	8,768
Finance cost					(4,615)
Profit from ordinary activities before taxation					4,153
Taxation					(3,129)
Profit for the financial period					1,024

A9 Valuation of property, plant and equipment

The valuation of property, plant and equipment has been brought forward without any amendments from the preceding annual financial statements.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for this interim period

A11 Effect of changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter and financial period to-date.

A12 Changes in contingent liabilities or contingent assets since the last annual balance sheet date

As at the date of this report, the contingent liabilities of the Group and the Company were as follows:

	Group RM'000	Company RM'000
Corporate Guarantees given to licensed banks for banking facilities granted to subsidiary companies (unsecured)	-	478,302
Trade Guarantee	-	18,250
Bank Guarantee by a subsidiary company in respect of projects	37,044	-
Total as at 31 December 2006	37,044	496,552

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B1 Review of performance

The Group registered a lower turnover of RM191.048 million for the nine months ended 31 December 2006 compared to RM458.758 million for the corresponding period last year. The profit after taxation for the nine months period was RM1.024 million compared to RM2.217 million for the previous year's corresponding period.

The decline in turnover was mainly attributable to the mega project which is approaching its completion. The reduction in profit after tax for the nine months ended 31 December 2006 was attributable to an under-provision of taxation in prior financial year of RM1.112million that was taken up in the accounts in the current quarter.

B2 Material changes in the quarterly results compared to the results of the preceding quarter

The Group recorded a lower turnover of RM27.181 million and a higher profit before tax of RM1.745 million for the current quarter compared to a turnover of RM88.961 million and profit before taxation of RM1.058 million for the preceding quarter. The lower turnover for the current quarter was mainly attributable to the mega project which is approaching its completion and reduced billings from a development project that was completed in previous quarter. The higher profit before tax for the current quarter was attributable to higher profit contribution from the specialized electrical and mechanical services.

B3 Current year prospects

The Board of Directors is confident that the performance of the Group will continue to be satisfactory.

B4 Variance of actual profit from forecast profit and shortfall in the profit guarantee

Not applicable.

B5 Taxation

Taxation for the nine months ended 31 December 2006 comprise current taxation of RM2.017 million and under-provision for prior financial year of RM1.112 million, which was included in the current quarter. There is no deferred taxation.

The effective tax rate of the Group is higher than the statutory tax rate prevailing in Malaysia as certain expenses were not deductible for tax purposes and losses in an overseas subsidiary which cannot be relieved against profit which is taxed in Malaysia.

B6 Profits/(Losses) on sale of unquoted investments and/or properties

There were no profits or losses from the sale of unquoted investments and properties in the current quarter.

B7 Particulars of purchase or disposal of quoted securities

(a) Total purchase of quoted securities for the current quarter and financial year to date are as follows:

	Current quarter ended 31/12/2006 RM'000	Cumulative Year To Date 31/12/2006 RM'000
Total purchase	-	2,672

(b) The cost and market value of investments in quoted securities as at 31 December 2006 were as follows:

	RM'000
(i) at cost	10,330
(ii) at book value	10,330
(iii) at market value	27,194

B8 Status of corporate proposals

Save as disclosed below, there were no announcements of any corporate proposals which have not been completed as at the date of this report.

On 20 April 2006, the Company announced to Bursa Malaysia that it proposed to undertake the private placement of up to 10% of the existing issued and paid-up share capital of the Company. The proposed private placement was approved by the Securities Commission ("SC") on 7 June 2006. On 21 November 2006, an application for the extension of time has been submitted for the SC's approval and the SC vide its letter dated 8 December 2006, approved an extension of time of six (6) months from 7 December 2006 to 7 June 2007 for the implementation of the Private Placement.

B9 Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2006 were as follows:

Short Term – secured	**RM'000**
Overdrafts	54,681
Revolving credits/Short term loan	107,049
Bills payable	23,365
	185,095
Hire purchase creditors	590
Total borrowing	185,685

Currencies in which total borrowings are denominated:

-Ringgit Malaysia	154,240
-USD	31,445
	185,685

B10 Off balance sheet financial instruments

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

B11 Changes in Material Litigation

Save as disclosed below, there have been no changes in material litigation since the last audited financial statements for the year ended 31 March 2006:-

a) Winding-Up petition by HT Jaya Development (Malaysia) Sdn Bhd ("HT Jaya") on Kejuruteraan Bintai Kindenko Sdn Bhd ("KBK")

As announced earlier, KBK, a subsidiary of the company, was served on 12 January 2007 with a winding up petition pursuant to Section 218 of the Companies Act 1965("The Petition") by HT Jaya.

This petition was filed in connection with HT Jaya's claim for RM802,927.25 in respect of a construction contract with KBK. KBK has rejected HT Jaya's claim as excessive and an abuse of process. KBK is advised by its solicitors that the petition is wholly without merit and malicious.

The petition has been contested and an injunction is now in place and the proceedings are stayed. KBK's application to strike out the petition is due to be heard on 12 March 2007.

b) Karya Laganda Sdn Bhd's ("KLSB") application to the Federal Court (Civil Application No: 08-95-2006 [W])

KBK has called on a performance bond of RM2,075,700.94 provided by KLSB for one project. KLSB has contested the validity of KBK's call on their performance bond.

On 20 October 2005, the High Court awarded in favour of KBK a judgement sum of RM2,075,700.94 being payment of the KLSB's performance bond, plus interest and legal costs. The High Court award was subsequently affirmed by Court of Appeal on 31 July 2006.

On 23 January 2007 KLSB was granted leave by the Federal Court to appeal against the decision of the Court of Appeal. The hearing date for the case is yet to be fixed.

The Board is confident of the Company's position

B12 Dividend

No interim dividend is being declared for the quarter under review (2006: Nil).

B13 Earnings per share

Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	Current quarter ended 31/12/2006	**Cumulative Year To Date 31/12/2006**
Net profit attributable to ordinary shares (RM)	237,000	1,024,000
Issued ordinary shares at the beginning of the period	103,889,253	103,889,253
Effect of weighted average shares issued	-	-
Weighted average number of ordinary shares	103,889,253	103,889,253
Basic earnings per share (sen)	0.23	0.99

Diluted earnings per share

The calculation of diluted earnings per share is consistent with the calculation of basic earnings per share while giving effect to all dilutive potential ordinary shares that were outstanding during the period.

	Current quarter ended 31/12/2006	**Cumulative Year To Date 31/12/2006**
Net profit attributable to ordinary shares (RM)	237,000	1,024,000
Weighted average number of ordinary shares	103,889,253	103,889,253
Effect of share options	-	-
Weighted average number of ordinary shares (diluted)	103,889,253	103,889,253
Diluted earnings per share (sen)	0.23	0.99

By Order of the Board

Lim Jong Joan
Secretary

Kuala Lumpur
28 February 2007