

Condensed Consolidated Income Statements

For the Three-Month Period Ended 31 July 2007

The figures have not been audited

	Note	3 months ended		6 months ended	
		31 July 2007 RM'000	31 July 2006 RM'000 (Restated)	31 July 2007 RM'000	31 July 2006 RM'000 (Restated)
Continuing Operations					
Revenue	A4	103,699	80,109	171,681	153,826
Costs of sales		(86,436)	(63,060)	(144,866)	(117,355)
Gross profit		<u>17,263</u>	<u>17,049</u>	<u>26,815</u>	<u>36,471</u>
Other income		629	1,527	1,003	3,393
Administrative and other expenses		(17,892)	(15,487)	(31,178)	(26,352)
Finance cost		(5,617)	(4,607)	(11,092)	(9,014)
Share of net-profit of associates		641	207	7,864	496
(Loss)/profit before tax	A4	<u>(4,976)</u>	<u>(1,311)</u>	<u>(6,588)</u>	<u>4,994</u>
Income tax expense	B5	<u>1,381</u>	<u>(1,983)</u>	<u>2,067</u>	<u>(2,817)</u>
(Loss)/profit for the period		<u><u>(3,595)</u></u>	<u><u>(3,294)</u></u>	<u><u>(4,521)</u></u>	<u><u>2,177</u></u>
Attributable to:					
Equity holders of the parent		(4,584)	(3,990)	(5,020)	(638)
Minority interests		989	696	499	2,815
		<u><u>(3,595)</u></u>	<u><u>(3,294)</u></u>	<u><u>(4,521)</u></u>	<u><u>2,177</u></u>
Loss per share attributable to equity holders of the parent:					
Basic, for loss of the period (sen)	B13	(6.0)	(5.2)	(6.5)	(0.8)

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Balance Sheet

As at 31 July 2007

The figures have not been audited

	Note	As at 31 July 2007 RM'000	As at 31 January 2007 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		372,791	357,310
Prepaid lease payments		13,481	19,589
Intangible assets		2,563	3,290
Investment in associates		4,385	6,431
Other investment		100	100
Deferred tax assets		27,979	29,893
		<u>421,299</u>	<u>416,613</u>
Current assets			
Inventories		33,629	27,399
Trade receivables		114,520	105,677
Other receivables		33,312	40,262
Cash and bank balances		59,460	48,618
		<u>240,921</u>	<u>221,956</u>
TOTAL ASSETS		<u>662,220</u>	<u>638,569</u>

Condensed Consolidated Balance Sheet
As at 31 July 2007

The figures have not been audited

	Note	As at 31 July 2007 RM'000	As at 31 January 2007 RM'000 (Restated)
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		76,800	76,800
Reserves		97,557	101,083
		<u>174,357</u>	<u>177,883</u>
Minority interests		49,888	47,303
Total equity		<u>224,245</u>	<u>225,186</u>
Non-current liabilities			
Borrowings	B9	213,487	218,235
Deferred tax liabilities		4,605	8,213
		<u>218,092</u>	<u>226,448</u>
Current liabilities			
Borrowings	B9	135,563	111,155
Trade payables		50,367	33,759
Other payables		29,670	40,685
Tax payables		1,211	1,336
Dividend payables		3,072	-
		<u>219,883</u>	<u>186,935</u>
Total liabilities		<u>437,975</u>	<u>413,383</u>
TOTAL EQUITY AND LIABILITIES		<u>662,220</u>	<u>638,569</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity

For the Six-Month Period Ended 31 July 2007

The figures have not been audited

	<-----Attributable to Equity Holders of the Parent----->						Minority Interests	Total Equity
	<-----Non-Distributable----->			Distributable				
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserves RM'000	Foreign Exchange Reserve RM'000	Retained Earnings RM'000	Total RM'000	RM'000	RM'000
At 1 February 2006								
As previously stated	76,800	1,024	2,429	3,029	79,109	162,391	37,614	200,005
Prior year adjustment	-	-	-	-	18,866	18,866	6,521	25,387
At 1 February 2006 (restated)	<u>76,800</u>	<u>1,024</u>	<u>2,429</u>	<u>3,029</u>	<u>97,975</u>	<u>181,257</u>	<u>44,135</u>	<u>225,392</u>
Foreign currency translation, representing net expenses recognised directly to equity	-	-	-	509	-	509	46	555
Acquisition of a subsidiary	-	-	-	-	-	-	(180)	(180)
Loss for the period	-	-	-	-	(638)	(638)	2,815	2,177
Total recognised income and expense for the period	-	-	-	509	(638)	(129)	2,681	2,552
Dividend	-	-	-	-	(3,072)	(3,072)	(1,813)	(4,885)
At 31 July 2006	<u>76,800</u>	<u>1,024</u>	<u>2,429</u>	<u>3,538</u>	<u>94,265</u>	<u>178,056</u>	<u>45,003</u>	<u>223,059</u>
At 1 February 2007								
As previously stated	76,800	1,024	7,141	6,735	70,415	162,115	42,601	204,716
Prior year adjustment	-	-	-	-	15,768	15,768	4,702	20,470
At 1 February 2007 (restated)	<u>76,800</u>	<u>1,024</u>	<u>7,141</u>	<u>6,735</u>	<u>86,183</u>	<u>177,883</u>	<u>47,303</u>	<u>225,186</u>
Foreign currency translation, representing net expenses recognised directly to equity	-	-	-	4,566	-	4,566	4,429	8,995
Loss for the period	-	-	-	-	(5,020)	(5,020)	499	(4,521)
Total recognised income and expense for the period	-	-	-	4,566	(5,020)	(454)	4,928	4,474
Dividend	-	-	-	-	(3,072)	(3,072)	(2,343)	(5,415)
At 31 July 2007	<u>76,800</u>	<u>1,024</u>	<u>7,141</u>	<u>11,301</u>	<u>78,091</u>	<u>174,357</u>	<u>49,888</u>	<u>224,245</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Cash Flow Statement
For the Six-Month Period Ended 31 July 2007

The figures have not been audited

	6 months ended	
	31 July 2007 RM'000	31 July 2006 RM'000
Net cash generated from operating activities	21,513	13,500
Net cash used in investing activities	(18,782)	(65,815)
Net cash generated from financing activities	8,952	47,997
Net increase/(decrease) in cash and cash equivalents	11,683	(4,318)
Cash and cash equivalents at beginning of financial period	20,816	43,845
Cash and cash equivalents at end of financial period	<u>32,499</u>	<u>39,527</u>

Cash and cash equivalents at the end of the financial period comprise the following:

	As at 31 July 2007 RM'000	As at 31 July 2006 RM'000
	Cash and bank balances	54,057
Bank overdrafts (included within short term borrowings in Notes B9)	(21,558)	(17,595)
	<u>32,499</u>	<u>39,527</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements.

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 the requirement of Financial Reporting Standards ("FRS") 134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B 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 2007.

A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the audited financial statements for the year ended 31 January 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective from the year beginning 1 January 2007:

FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 119 ²⁰⁰⁴	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of FRS 124 and Amendment to FRS 119²⁰⁰⁴ do not have significant financial impact on the Group. The principal effects of the change in accounting policies resulting from the adoption of and FRS 117 are discussed below:

FRS 117: Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represent prepaid lease payment and are amortised on a straight-line basis over the lease term. Leases of land and buildings are now classified as prepaid lease payments. Prior to 1 February 2007, leasehold land and buildings of the Group were classified either property, plant and equipment which were stated at cost less accumulated depreciation.

Upon the adoption of the revised FRS 117 at 1 February 2007, the unamortised amounts of leasehold land and buildings are retained as the surrogate carrying amounts of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land and buildings as prepaid lease payments has been accounted for retrospectively and as disclosed below, certain comparative amounts as at 31 January 2007 have been restated.

A2. Changes in Accounting Policies (Contd.)

The following comparatives were restated following adoption of FRS 117:

	As at 31 January 2007		
	As previously stated RM'000	Reclassi- fication FRS 117 RM'000	As restated RM'000
Balance Sheet			
Property, plant and equipment	371,460	(14,150)	357,310
Prepaid lease payments	-	19,589	19,589
Other receivables	45,701	(5,439)	40,262

FRS 112: Income Taxes

Effective 1 July 2007, the Group has taken the option of early adoption of the revised and amendment to FRS 112. The adoption of the revised and amendment to FRS will have the impact to the existing accounting policies of the Group.

In 2007, the Group adopted an accounting policy in respect of deferred tax assets arising from reinvestment allowance ("RA") and investment tax allowances ("ITA"), which were not recognised by the Group based on paragraph 36 of FRS 112²⁰⁰⁴.

The revised FRS 112 has removed paragraph 36 and hence, the unutilised RA and ITA are now recognised as deferred tax asset, to the extent that it is possible that future taxable profit will be available against which the unutilised RA and ITA can be utilised. This change in accounting policy has been adopted by the Group retrospectively and has resulted in a restatement of the Group's prior year financial statements resulted in increase in the accumulated profit of RM20,470,402 and additional income tax charge of RM4,916,738 to the Group.

The following comparatives were restated following adoption of FRS 112:

Balance Sheet

	As previously stated RM'000	Adjustment FRS 112 RM'000	As restated RM'000
As at 31 January 2007			
Deferred tax assets	9,423	20,470	29,893
Reserves	85,315	15,768	101,083
Minority interest	42,601	4,702	47,303

A2. Changes in Accounting Policies (Contd.)
Income Statement

	3 months ended 31 July 2006		
	As previously stated RM'000	Adjustment FRS 112 RM'000	As restated RM'000
Income tax expense	1,667	(3,650)	(1,983)
Profit for the year	<u>356</u>	<u>(3,650)</u>	<u>(3,294)</u>
Attributable to:			
Equity holders of the Company	(1,691)	(2,299)	(3,990)
Minority interests	2,047	(1,351)	696
	<u>356</u>	<u>(3,650)</u>	<u>(3,294)</u>
	6 months ended 31 July 2006		
	As previously stated RM'000	Adjustment FRS 112 RM'000	As restated RM'000
Income tax expense	833	(3,650)	(2,817)
Profit for the year	<u>5,827</u>	<u>(3,650)</u>	<u>2,177</u>
Attributable to:			
Equity holders of the Company	1,661	(2,299)	(638)
Minority interests	4,166	(1,351)	2,815
	<u>5,827</u>	<u>(3,650)</u>	<u>2,177</u>

A3. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the financial statements for the year ended 31 January 2007 was not qualified.

A4. Segmental Information

	Automotive Component Manufacturing (ACM)		Power Engineering and Railway Electrification (PER)		Others		Eliminations		Consolidated	
	31 July 2007	31 July 2006	31 July 2007	31 July 2006	31 July 2007	31 July 2006	31 July 2007	31 July 2006	31 July 2007	31 July 2006
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
										(Restated)
Revenue										
External sales	88,798	74,032	13,726	5,704	1,175	373	-	-	103,699	80,109
Inter-segment sales	3,274	9,671	-	-	540	540	(3,814)	(10,211)	-	-
Total revenue	<u>92,072</u>	<u>83,703</u>	<u>13,726</u>	<u>5,704</u>	<u>1,715</u>	<u>913</u>	<u>(3,814)</u>	<u>(10,211)</u>	<u>103,699</u>	<u>80,109</u>
Result										
Segment results/ (Loss)/profit before taxation & associates	4,079	9,865	6,882	(1,470)	(1,957)	(1,155)	(14,621)	(8,758)	(5,617)	(1,518)
Share of profit of associates	-	-	641	207	-	-	-	-	641	207
(Loss)/profit before taxation									(4,976)	(1,311)
Income tax expense									1,381	(1,983)
(Loss)/profit for the period									<u>(3,595)</u>	<u>(3,294)</u>
			Malaysia	Thailand	Indonesia		Consolidated			
			31 July 2007	31 July 2006	31 July 2007	31 July 2006	31 July 2007	31 July 2006	31 July 2007	31 July 2006
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total revenue from external customers			61,743	49,568	40,697	29,477	1,259	1,064	103,699	80,109

A5. Unusual Items due to their Nature, Size and Incidence

There were no items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 July 2007.

A6. Changes in Estimates

There were no changes in the estimates reported in the prior financial year that have a material effect in the current quarter.

A7. Comment about Seasonal or Cyclical Factors

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

A8. Dividends Paid

During the reporting quarter, a final tax exempt dividend of 4 sen per share for a total amount of RM3.072 million on share capital of 76,800,000 ordinary shares of RM1.00 each in respect of the financial year ended 31 January 2007 was approved by the shareholders at the Annual General Meeting held on 9 July 2007. This dividend was subsequently paid on 15 August 2007.

A9. Prepaid Lease Payments

The adoption of the revised FRS 117 has resulted in a retrospective change in accounting policy relating to the classification of leasehold land and buildings. The comparative amounts as at 31 January 2007 that have been restated as follows:-

	Total RM'000
At 1 February 2006	19,679
Prepaid lease rental	(90)
At 31 January 2007	<u>19,589</u>

A10. Carrying Amount of Revalued Assets

During the reporting quarter, there have no valuations of property, plant and equipment.

A11. Debt and Equity Securities

There were no issuance and/or repayment of debt and equity securities, issuance of new ordinary share, share buybacks, share cancellations, share held as treasury shares and resale of treasury shares for the current reporting quarter.

A12. Changes in Composition of the Group

During the reporting quarter, there were no changes in composition of the Group.

A13. Capital Commitments

There were no material changes in capital commitments for the Group since the last annual balance sheet date as at 31 January 2007.

A14. Changes in Contingent Liabilities or Contingent Assets

The Company provides corporate guarantee to financial institutions for all bank facilities granted to subsidiaries of the Group of RM344,868,453.

A15. Subsequent Events

There were no other material subsequent events between the end of the current quarter and the date of this announcement.

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Performance Review

For the current quarter, the Group registered a loss before tax of RM4.98 million on a revenue of RM103.70 million in comparison to the loss before tax of RM1.31 million and revenue of RM80.11 million for the corresponding quarter in the previous year.

In the reporting quarter, the Automotive Component Manufacturing (ACM) division recorded a loss before tax of RM3.91 million. The Power Engineering and Rail Electrification (PER) division together with associate companies registered a profit before tax of RM0.81 million whereas units categorised under Others recorded a loss before tax of RM1.88 million.

Group-wide yearly bonus was paid during the quarter.

In comparison to corresponding quarter previous year, Group revenue increased by 29%. Further analysis of performance is as follows:

- i. Total ACM division reported an increase of 20% in revenue.
- ii. ACM Malaysia recorded a 8% increase in revenue.

In comparison to previous year corresponding quarter, Perodua Myvi and Kancil models registered lower volume given the introduction of the Viva model which commenced delivery in the first quarter of this financial year. Most Proton models together with models of Toyota and Naza decreased in volume.

- iii. ACM Thailand achieved a 38% growth in revenue against the previous year corresponding quarter due to highly improved performance from fine blanking operations and production of Nissan Navara which commenced production at end of the last financial year. Honda models recorded decreases in volume. Existing models of Mitsubishi and Ford/Mazda registered decreases in supplies given that their newer models garnered volume gains. Isuzu models recorded marginal increases in volume.
- iv. ACM Indonesia recorded a 18% increase in revenue. Mitsubishi FET in comparison to the previous year corresponding quarter decreased in volume but Mitsubishi TD, which commenced production in the first quarter of the financial year, recorded encouraging volume. Suzuki APV registered volume increase. Mitsubishi FET ceased production during the quarter. Daihatsu D99DO (Terios) which commenced supplies in the last quarter of the previous year, recorded encouraging volume.
- v. PER division recorded a 140% increase in revenue in comparison to the previous year corresponding quarter, benefitting from larger order book received and good progress in project implementation.
- vi. For Others, revenue though smaller in value in comparison to ACM and PER divisions increased by 200%.

B1. Performance Review (Contd.)

For the first half of the year, the Group recorded a 12% improvement in revenue in comparison to first half previous year with a loss before tax of RM6.59 million.

- i. Overall, ACM division registered a 6% increase in revenue.
- ii. ACM Malaysia posted a 10% decrease in revenue. Most models of Proton, Toyota and Naza experienced reductions together with Perodua Kancil. Perodua Myvi recorded flat growth. The newly launched Perodua Viva recorded encouraging volume. The Kelisa model which contributed to revenue in the last year ceased production in the last quarter of that year.
- iii. ACM Thailand achieved a 31% growth in revenue. Although existing models of Mitsubishi and Ford/Mazda registered decreases in supplies, encouraging volumes was recorded by their newer models. For Honda models, only the Civic recorded increase in volume. Isuzu models overall did not record any increase in volume. Nissan Navara which commenced delivery in the end of the previous year recorded encouraging volume.
- iv. ACM Indonesia attained an almost 50% increase in revenue with the introduction of Mitsubishi TD and Daihatsu D99DO (Terios). Suzuki APV recorded increase while Mitsubishi FET recorded a drop in volume. Production of Mitsubishi FET ceased during this reporting half.
- v. PER Division recorded a 1.2 times improvement in revenue during the first half of FY08 given the larger order book and good progress in implementation of projects in hand.
- vi. The units under Others did not post any increase in revenue in the half year under review in comparison to previous year first half.

B2. Comment on Material Change in Profit Before Taxation

The Group achieved a 52% improvement in revenue with a loss before tax of RM4.98 million as against the immediate preceding quarter loss before tax of RM1.69 million.

Group-wide bonus was paid during this reporting quarter.

Overall ACM recorded a 36% improvement in revenue against the immediate preceding quarter. ACM Malaysia recorded a 56% increase in revenue. During the current quarter, supply for Perodua Viva improved. There was substantial increases in supplies for Myvi. Most Toyota models recorded decreases in volume.

B2. Comment on Material Change in Profit Before Taxation (Contd)

ACM Thailand registered a 17% increase in revenue. Existing and new models of Mitsubishi increased in supplies. For Ford/ Mazda, the existing models recorded drop in volume while the newer models registered increases. Isuzu models recorded increase in volume. For Honda, all models registered increase in supply.

For PER, revenue increased by 4.6 times given the larger order book and good progress in implementation of projects.

For the units under Others, revenue increased 8.2 times though not on a significant value in comparison to other operating divisions.

B3. Commentary on Prospects

For ACM Thailand, the strong demand will continue. Most of the earlier models of Mitsubishi and Ford/Mazda are expected to encounter volume drops but these will be more than offsetted significantly by volume rise of their newer models. Supply for Isuzu models are expected to increase. For Honda, only the Civic and City models are anticipated to have substantial increases.

For ACM Malaysia, Waja and Toyota models are expected to increase in volume. Perodua Myvi and Viva are anticipated to have growth in volume. Other models are expected to record reductions in volume.

For ACM Indonesia, Suzuki APV is expected to reduce in volume while volume for other models expected to grow. New products to commence delivery during this financial year are:

- Suzuki Futura sash
- Suzuki Futura moulding
- Suzuki Carry moulding
- Daihatsu D40DO (Terios) sash and moulding

For PER, significant progress is expected to be recorded on the recently awarded jobs. The Rawang-Ipoh Rail Electrification project is scheduled to be completed by this financial year end.

For the units under Others, newly-awarded contracts will be implemented. The Group will continue to monitor and rationalise operations.

B4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee in respect of the current period.

B5. Taxation

	3 months ended		6 months ended	
	31 July 2007 RM'000	31 July 2006 RM'000 (Restated)	31 July 2007 RM'000	31 July 2006 RM'000 (Restated)
Income tax	(281)	(1,419)	(743)	(2,253)
Deferred tax benefits	1,662	1,536	2,810	1,536
Deferred tax expense	-	(2,100)	-	(2,100)
	<u>1,381</u>	<u>(1,983)</u>	<u>2,067</u>	<u>(2,817)</u>

The effective tax rate on the Group takes into consideration the following:

- i. Tax incentive in form of tax exemption from the Board of Investment of Thailand for ACM Thailand operation.
- ii. Investment Tax Allowance and Reinvestment Allowance granted to a few subsidiaries of ACM Malaysia.

B6. Sales of Unquoted Investments and Properties

There were no sales of unquoted investments and/or properties for the current financial period under review.

B7. Quoted Securities

There were no purchases or disposals of quoted securities for the current financial period under review.

B8. Corporate Proposal

There were no corporate proposals announced and not completed as at the date of this quarterly report.

B9. Borrowings

	As at 31 July 2007 RM'000	As at 31 January 2007 RM'000
Short term borrowings		
Secured	77,268	72,097
Unsecured	58,295	39,058
	<u>135,563</u>	<u>111,155</u>
Long term borrowings		
Secured	41,137	48,118
Unsecured	172,350	170,117
	<u>213,487</u>	<u>218,235</u>

Including borrowings denominated in foreign currencies as at 31 July 2007:

	THB'000	RM'000 Equivalent
Thai Baht (THB'000)		
Short term borrowings	400,362	50,423
Long term borrowings	<u>252,852</u>	<u>31,845</u>
	IDR'000	RM'000 Equivalent
Indonesian Rupiah (IDR'000)		
Short term borrowings	12,134,007	4,781
Long term borrowings	<u>10,540,235</u>	<u>4,153</u>

B10. Off Balance Sheet Financial Instruments

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

B11. Changes in Material Litigation

There was no pending material litigation as at the date of this quarterly report.

B12. Dividend Payable

At the Annual General Meeting held on 9 July 2007, a final ordinary tax exempt dividend of 4 sen per share for an amount of RM3.072 million on the share capital of 76,800,000 ordinary shares of RM1.00 each in respect of the financial year ended 31 January 2007 was approved by the shareholders. This dividend was subsequently paid on 15 August 2007.

B13. Earnings Per Share

	3 months ended		6 months ended	
	31 July 2007	31 July 2006	31 July 2007	31 July 2006
Loss for the period attributable to ordinary equity holders of the parent (RM'000)	(4,584)	(3,990)	(5,020)	(638)
Number of ordinary shares in issue (RM'000)	76,800	76,800	76,800	76,800
Basic, for loss of the period (sen)	(6.0)	(5.2)	(6.5)	(0.8)

B14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 September 2007.