

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MASB 26: Interim Financial Reporting and paragraph 9.22 of the Malaysian Securities Exchange Berhad (“MSEB”) Listing Requirements and should be read in conjunction with the Group’s audited financial statements for the year ended 31 January 2003.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 January 2003, except for the adoption of new applicable MASB standards.

The adoption of the new applicable MASB standards have not given rise to any adjustments to the opening balances of retained profits of the prior financial year and the current year or to any changes in comparatives except for MASB 25 and MASB 29. The changes and effects of adopting MASB 25 and MASB 29 are as follows:-

- (a) MASB 25, Income Taxes which has been adopted retrospectively. Comparative figures have been adjusted to reflect the change in this accounting policy. The adoption of MASB 25 has resulted in the recognition in full of all taxable temporary differences. Previously, deferred tax liabilities were not provided if no liability was expected to arise in the foreseeable future and there were no indications that the timing difference would reverse thereafter. Deferred tax assets are now recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized (previously only recognised where there was a reasonable expectation of realisation in the near future).
- (b) MASB 29, Employee Benefits which has been adopted retrospectively. Comparative figures have been adjusted to reflect the change in this accounting policy.

	RM'000
<u>Effects on the Group's reserve as at 1 Feb 2003:</u>	
As at 1 February 2003	63,945
Effects of adopting MASB 25	(5,162)
Effects of adopting MASB 29	(122)
As at 1 February 2003 (as restated)	<u>58,661</u>

	RM'000
<u>Effects on net profit before tax for the year:</u>	
Net profit before adoption of new accounting policies	15,553
Effects of adopting MASB 25	(143)
Effects of adopting MASB 29	<u>2</u>
Net profit for the year	<u><u>15,412</u></u>

Comparative figures as at 31 January 2003 have been restated as follows:

	Previously stated RM'000	Adjustment RM'000	Restated RM'000
Revaluation reserve	17,822	(9,444)	8,378
Deferred taxation	2,704	5,376	8,080
Other payables	8,308	122	8,430

2. Audit report

The Group's audited financial statements for the financial year ended 31 January 2003 were reported on by its external auditors, Ernst & Young without any qualifications.

3. Seasonal or cyclical factors

The business of the Group was not affected by any significant seasonal or cyclical factors during the year under review.

4. Unusual items

Except for the restatement of comparatives following the adoption of MASB 25 and MASB 29, there were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual due to their nature, size and incidence.

5. Changes in estimates

There were no significant changes in the estimates of amounts reported in prior quarters which have a material impact on the interim financial statements.

6. Debt and equity securities

For the quarter under review, the Company issued 125,000 new ordinary shares of RM1.00 each ("Share") pursuant to the Company's Employees' Share Option Scheme (this consist of 123,000 Share at an option price of RM1.38 per share and 2,000 Shares at an option price of RM1.53 per share respectively).

For the current financial year-to-date, a total of 234,000 Shares of RM1.00 each under the said scheme were issued of which 109,000 Shares of RM1.00 each were issued in the previous quarter.

7. Dividends paid

During the quarter, the Company did not pay any dividend.

8. Segmental reporting

	Manufacturing	Trading	Property development	Quarry operation	Investment & mgt services	Eliminations Adjustment	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE							
External sales	140,954	7,829	11,750	521	183	-	161,237
Inter-segment sales	337	191	-	3,052	6,956	(10,536)	-
Total revenue	141,291	8,020	11,750	3,573	7,139	(10,536)	161,237
RESULT							
Segment result	15,404	988	954	329	5,154	(6,084)	16,745
Investing results	-	-	-	-	536	-	536
Interest expense	(1,295)	(230)	-	(1)	(409)	9	(1,926)
Interest income	46	-	-	-	-	-	46
Income taxes	(3,076)	93	(230)	(93)	(1,646)	1,694	(3,258)
Net profit	11,079	851	724	235	3,635	(4,381)	12,143
OTHER INFORMATION							
Segment assets	146,381	12,145	19,009	1,817	18,253	882	198,487
Segment liabilities	38,818	11,857	9,653	742	4,260	-	65,330
Depreciation	4,529	150	-	264	297	-	5,240
Non-cash expenses other than depreciation	1,681	-	-	-	623	57	2,361

No geographical analysis has been prepared as the Group's business operations are predominantly located in Malaysia.

9. Valuation of property, plant and equipment

The valuations of property, plant and equipment have been brought forward, without amendment from the previous annual report.

10. Subsequent events

There were no significant events occurred during the interval between the end of the current quarter and the date of this announcement.

11. Changes in the composition of the Group

There were no changes in the composition of the Group for the quarter under review.

12. Contingent liabilities and assets

The Group is not aware of any contingent liabilities or assets as at the date of this announcement.

13. Capital commitments**RM'000**

Capital expenditure approved and contracted for	3,759
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14. Review of performance of the Group

The Group achieved a revenue of RM34.1 million for the quarter under review compared to RM45.6 million in the preceding quarter. This represents a decrease of RM11.5 million (25.2%) which is mainly due to lower revenue generated from the timber and ready-mixed concrete divisions. The Group's sales was also, to a certain extent, affected by the festival holidays during the year under review. Revenue generated from other divisions for this quarter is relatively consistent with the preceding quarter.

The Group's revenue, compared to the corresponding period in the previous financial year, is lower by RM3.6 million (9.5%). However, the Group's revenue was RM15.3 million higher for the financial year ended 31 January 2004, an increase of 10.5% compared to RM145.9 million generated in the previous financial year.

Correspondingly, for the financial year ended 31 January 2004, the Group recorded a profit before tax ("PBT") of RM15.4 million compared to RM8 million in the previous financial year. The improved result is mainly due to better performance by the Group, with major contribution from the manufacturing of ready-mixed concrete and HDPE pipes divisions.

15. Material changes in the quarterly results

For the current quarter, the Group achieved a PBT of about RM0.9 million compared to a loss of RM3.6 million in the corresponding period in the previous financial year. The difference was mainly due to better profit achieved by the Group and lower provision for doubtful debts, and also no provision for diminution in value of investments was deemed necessary for the current financial year.

However, as compared to the previous quarter's PBT of RM4.5 million, the Group's current PBT is lower by RM3.5 million. This is mainly due to higher operating costs and provision for doubtful debts that were made during the quarter under review.

16. Current year prospect:

Baring unforeseen circumstances, the Directors are optimistic that the Group will benefit from the improving Malaysian economy and continuous development in Sarawak, hence will continue to be profitable in the year 2004.

17. (a) Variance of actual profit from forecast profit

Not applicable as no profit forecast was published.

(b) Shortfall in the profit guarantee

There was no profit guarantee for the current year under review.

18. Taxation

	3 months ended 31/01/2004 RM'000	12 months ended 31/01/2004 RM'000
- Current period taxation	(639)	2,824
- Deferred taxation	(1,313)	434
	<u>(1,952)</u>	<u>3,258</u>

The Group's effective tax rate for the current quarter ended 31 January 2004 is lower than the statutory tax rate of 28% due to over provision of tax in the previous quarters and also utilization of current year's reinvestment allowances.

Similarly, for the financial year ended 31 January 2004, the effective tax rate is also lower than the statutory tax rate of 28% due to over provision in prior years.

19. Sales of unquoted investments and/or properties

There were no profits/(losses) recognised on any sale of unquoted investments and/or properties respectively for the quarter under review.

20. Quoted securities

(a) Purchases and disposals of quoted securities during the current quarter and financial year-to-date were as follows:

	Current quarter RM'000	Current year-to-date RM'000
Total purchases	2,057	3,535
Total disposals	1,465	3,144
Total gain on disposal	198	536

(b) Total investments in quoted securities as at 31 January 2004 were as follows:

	RM'000
At cost	11,926
At carrying value/ book value	9,812
At market value	8,171

There was no provision for unrealised losses as fluctuations in market value of the quoted securities are considered to be temporary.

21. Status of corporate proposals announced but not completed

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

22. Group borrowings and debt securities

	As at 31/01/2004 Total RM'000
Unsecured:	
Bank overdrafts	2,485
Revolving credit	3,000
Bankers' acceptance	21,236
	<u>26,721</u>
Secured:	
Term loans	4,046
Bank overdrafts	5,734
	<u>9,780</u>
	<u>36,501</u>
Repayable within twelve months	34,183
Repayable after twelve months	2,318
	<u>36,501</u>

The above borrowings are denominated in Ringgit Malaysia.

23. Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this announcement.

24. Changes in material litigation

As at the date of this announcement, there were no changes in all the existing material litigation of the Group of which were disclosed in the Company's circular to shareholders dated 6 June 2003.

25. Earnings per share

	Individual quarter ended	
	31/01/2004	31/01/2003
	RM'000	RM'000
Net profit/(loss) after tax for the period (after Minority Interest)	<u>2,893</u>	<u>(3,609)</u>
Weighted average number of ordinary shares		
Issued and fully paid share capital at beginning of period	57,288	57,179
Effect of shares issued during the 3 months period ended 31 January 2004	<u>86</u>	<u>-</u>
Weighted average number of shares	57,374	57,179
Effect of ESOS share options	<u>1,593</u>	<u>522</u>
Weighted average number of shares (diluted)	<u>58,967</u>	<u>57,701</u>
Basic (sen)	5.04	(6.31)
Fully diluted (sen)	4.91	(6.25)
Cumulative year to date		
	31/01/2004	31/01/2003
	RM'000	RM'000
Net profit after tax for the year (after Minority Interest)	<u>12,171</u>	<u>5,967</u>
Weighted average number of ordinary shares		
Issued and fully paid share capital at beginning of the financial year	56,800	56,800
Effect of shares issued during the 12 months period ended 31 January 2004	<u>63</u>	<u>250</u>
Weighted average number of shares	56,863	57,050
Effect of ESOS share options	<u>1,850</u>	<u>479</u>
Weighted average number of shares (diluted)	<u>58,713</u>	<u>57,529</u>
Basic (sen)	21.40	10.46
Fully diluted (sen)	20.73	10.37

26. Dividend payable

The Company did not declare or pay any dividends during the quarter and financial year-to-date.

27. 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 31 March 2004.