

**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 Bursa Malaysia's Listing Requirements and should be read in conjunction with the Group's audited financial statements for the year ended 31 January 2004.

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 2004.

**2. Audit report**

The Group's audited financial statements for the financial year ended 31 January 2004 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 period 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 291,000 new ordinary shares of RM1.00 each ("Share") pursuant to the Company's Employees' Share Option Scheme (this consist of 258,000 Shares at an option price of RM1.38 per share, 13,000 Shares at an option price of RM1.53 per share and 20,000 Shares at an option price of RM1.59 per share).

**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
<b>REVENUE</b>							
External sales	36,039	586	571	537	8	-	37,741
Inter-segment sales	23	-	-	517	-	(546)	(6)
Total revenue	36,062	586	571	1,054	8	(546)	37,735
<b>RESULT</b>							
Segment result	1,859	366	239	141	(371)	(30)	2,204
Investing results	-	-	-	-	(1,004)	-	(1,004)
Interest expense	(340)	(69)	(154)	-	(110)	1	(672)
Interest income	51	-	-	-	-	-	51
Income taxes	(1,417)	(83)	(26)	(80)	-	-	(1,606)
Net profit/(loss)	153	214	59	61	(1,485)	(29)	(1,027)
<b>OTHER INFORMATION</b>							
Segment assets	155,043	2,285	18,509	1,908	19,047	1,086	197,878
Segment liabilities	29,384	19,682	7,544	803	5,625	-	63,038
Depreciation	1,126	11	-	63	73	-	1,273
Non-cash expenses other than depreciation	-	-	-	-	-	-	-

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**

There were no additional material capital commitments for the current quarter under review.

**14. Review of performance of the Group**

The Group achieved a revenue of RM37.7 million for the quarter under review compared to RM34.1 million in the preceding quarter. This represents an increase of RM3.6 million (10.6%), mainly due to higher revenue generated from the HDPE pipes, timber and quarry divisions.

The Group's revenue, compared to the corresponding period in the previous financial year, is slightly higher by RM0.6 million, an increase of 1.6%.

For the quarter ended 30 April 2004, the Group recorded a profit before tax ("PBT") of RM0.6 million compared to RM0.9 million and RM2.7 million in the preceding quarter and in the corresponding period respectively in the previous financial year.

**15. Material changes in the quarterly results**

For the current quarter under review, the Group's PBT was RM0.6 million, a decrease of RM0.3 million (33%) compared to RM0.9 million in the preceding quarter. This is mainly due to lower other operating income and higher finance costs incurred in the quarter under review.

Compared to the Group's PBT in the corresponding period in the previous financial year of RM2.7 million, the Group recorded a drop of PBT of RM2.1 million (77%) in the quarter under review. This is mainly due to loss arising from disposal of investments in quoted securities and loss in timber operation due to higher costs of raw materials and operating expenses.

**16. Current year prospect:**

The Directors believe that the operations of the Group for the current financial year ending 31 January 2005 will be tough and challenging as the recent increase in the prices of commodities such as crude oil, steel and timber logs have escalated the operating cost of the Group. To remain competitive and profitable in the current business environment, the Group will continue to adopt prudent policies and stringent measures to improve efficiencies, productivity and reduce operating cost.

Barring unforeseen circumstances, the Group's results is expected to be satisfactory for the remaining quarters of the financial year ending 31 January 2005.


**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**

	<b>3 months ended 30/04/2004 RM'000</b>	<b>Cumulative 3 months ended 30/04/2004 RM'000</b>
- Current period taxation	(1,926)	(1,926)
- Deferred taxation	320	320
	<u>(1,606)</u>	<u>(1,606)</u>

The Group's effective tax rate for the current quarter ended 30 April 2004 is higher than the statutory tax rate of 28% due to disallowed expenses for tax purpose.

**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:

	<b>Current quarter RM'000</b>	<b>Current year-to-date RM'000</b>
Total purchases	6,870	6,870
Total disposals	4,550	4,550
Total net loss on disposal	1,004	1,004

(b) Total investments in quoted securities as at 30 April 2004 were as follows:

	<b>RM'000</b>
At cost	10,804
At carrying value/ book value	10,669
At market value	9,699

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**

	<b>As at 30/04/2004 Total RM'000</b>
<b>Unsecured:</b>	
Bank overdrafts	1,905
Revolving credit	3,000
Bankers' acceptance	22,501
	<u>27,406</u>
<b>Secured:</b>	
Term loans	3,624
Bank overdrafts	5,284
	<u>8,908</u>
	<b>36,314</b>
Repayable within twelve months	33,958
Repayable after twelve months	2,356
	<b>36,314</b>

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 litigations of the Group which were disclosed in the Company's circular to shareholders dated 8 June 2004.


**25. Earnings per share**

	<b>Individual quarter ended</b>	
	<b>30/04/2004</b>	<b>30/04/2003</b>
	<b>RM</b>	<b>RM</b>
Net (loss)/profit for the period (after Minority Interest)	<u>(1,026)</u>	<u>1,160</u>
<b>Weighted average number of ordinary shares</b>		
Issued and fully paid share capital at beginning of period	57,413	57,179
Effect of shares issued during the 3 months period ended 30 April 2004	<u>186</u>	<u>-</u>
Weighted average number of shares	57,599	57,179
Effect of ESOS share options	<u>1,334</u>	<u>2,252</u>
Weighted average number of shares (diluted)	<u>58,933</u>	<u>59,431</u>
Basic (sen)	(1.79)	2.03
Fully diluted (sen)	(1.74)	1.95
<b>Cumulative year to date</b>		
Net (loss)/profit for the period (after Minority Interest)	<u>(1,026)</u>	<u>1,160</u>
<b>Weighted average number of ordinary shares</b>		
Issued and fully paid share capital at beginning of the financial year	57,413	57,179
Effect of shares issued during the 3 months period ended 30 April 2004	<u>186</u>	<u>-</u>
Weighted average number of shares	57,599	57,179
Effect of ESOS share options	<u>1,334</u>	<u>2,252</u>
Weighted average number of shares (diluted)	<u>58,933</u>	<u>59,431</u>
Basic (sen)	(1.79)	2.03
Fully diluted (sen)	(1.74)	1.95



**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 28 June 2004.