

**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 Securities Berhad's Listing Requirements and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 January 2004. 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 financial 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 except for the adoption of MASB 32, Property Development Activities. The adoption of MASB 32 has not given rise to any adjustments to the opening balances of revenue reserves of the prior and current year or to changes in comparatives.

**2. Auditors' report on preceding annual financial statements**

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 performance of the Group was not affected by any significant seasonal or cyclical factors during the period under review.

**4. Unusual items**

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 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

During the quarter under review, the Company issued 87,000 new ordinary shares of RM1.00 each ("Share") pursuant to the Company's Employees' Share Option Scheme (this consist of 84,000 Shares at an option price of RM1.38 per share and 3,000 Shares at and option price of RM1.53 per share).

For the current financial period-to-date, a total of 472,000 Shares were issued under the said scheme of which 385,000 Shares were issued in the previous quarter.

Apart from the above, there were no other issuances and repayments of debt and equity securities for the current quarter and financial year-to-date.

## 7. Dividends paid

During the financial year-to-date, 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	112,776	2,053	3,955	1,641	152	-	120,577
Inter-segment sales	47	-	-	1,360	-	(1,407)	-
Total revenue	112,823	2,053	3,955	3,001	152	(1,407)	120,577
<b>RESULTS</b>							
Segment result	8,604	1,010	626	336	(1,056)	(90)	9,430
Investing results	-	-	-	-	(1,943)	-	(1,943)
Interest expense	(1,036)	(199)	(251)	(1)	(416)	2	(1,901)
Interest income	137	1	-	-	-	-	138
Income taxes	(3,217)	-	(109)	(50)	-	-	(3,376)
Minority interest	-	-	-	-	-	1	1
Net profit/(loss)	4,488	812	266	285	(3,415)	(87)	2,349
<b>OTHER INFORMATION</b>							
Segment assets	158,971	2,725	17,518	1,855	17,396	1,085	199,550
Segment liabilities	42,372	7,425	6,632	589	5,177	-	62,195
Depreciation	3,241	32	-	184	218	-	3,675
Non-cash expenses other than depreciation	2	-	-	-	-	-	2

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 financial statements for the financial year ended 31 January 2004.


**10. Subsequent events**

No material events have arisen during the interval between the end of the current quarter and the date of this announcement which have not been reflected in the current quarterly report.

**11. Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter and financial year-to-date including business combinations, acquisitions or disposals of subsidiaries, restructuring and discontinuing operations.

**12. Contingent liabilities and assets**

There were no changes in contingent liabilities or assets since the last annual balance sheet being 31 January 2004, except for a corporate guarantee amounting to RM11.2 million given by the Company to bankers for credit facilities granted to subsidiaries during the financial period ended 31 October 2004.

	<b>RM '000</b>
As at 1 February 2004	70,400
Additional corporate guarantee	11,200
As at 31 October 2004	<u>81,600</u>

**13. Capital commitments**

The amount of capital commitments approved and contracted for the current quarter under review is as follows:

	<b>RM '000</b>
Approved and contracted for	<u>576</u>

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

The Group achieved a revenue of RM41.1 million for the quarter under review compared to RM41.7 million in the preceding quarter. This represents a decrease of RM0.6 million (1.4%) which was mainly caused by the sluggish sales in the property division during the current quarter.

The Group's revenue has dropped by RM4.5 million or 9.8% compared to the prior year's corresponding period mainly due to the lower sales from the property and ready-mix concrete divisions. The supply of ready-mixed concrete to new projects is still at the initial stage of which only small volumes are demanded.

For the quarter ended 31 October 2004, the Group recorded a profit before tax ("PBT") of RM2.5 million as compared to RM2.6 million and RM4.5 million recorded in the preceding quarter and prior year's corresponding period, respectively.


**15. Comment on material change in profit before taxation**

During the current quarter under review, the Group recorded a PBT of RM2.5 million representing a decrease of RM0.1 million (3.8%) compared to the RM2.6 million recorded in the preceding quarter.

Compared to the Group's PBT in the corresponding period in the previous financial year of RM4.5 million, the Group recorded a significant drop in PBT of RM2.0 million (43.5%). This is mainly due to the decrease in revenue for the ready-mix concrete and property divisions which resulted in lower PBT and loss (RM0.8 million) arising from disposal of investments in quoted securities.

**16. Current year prospects**

Barring unforeseen circumstances, the Directors are optimistic that the Group's performance will continue to be favourable for the remaining quarter 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 31/10/2004 RM'000</b>	<b>Cumulative year-to-date 31/10/2004 RM'000</b>
- Current period taxation	(1,106)	(3,005)
- Underprovision of tax	(191)	(421)
- Deferred taxation	-	50
	<u>(1,297)</u>	<u>(3,376)</u>

The Group's effective tax rate for the current quarter ended 31 October 2004 is higher than the statutory tax rate of 28% due to the disallowance of certain expenses for tax purposes.

The Group's effective tax rate for the current financial year-to-date is disproportionate to the results due to interim losses suffered by two companies within the Group.


**19. Sales of unquoted investments and/or properties**

There were no sales of unquoted investments and properties 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	1,705	11,942
Total disposals	2,402	10,253
Total net loss on disposal	860	1,943

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

	<b>RM'000</b>
At cost	9,234
At carrying value/ book value	9,098
At market value	8,056

There was no provision for unrealised losses as the 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 31/10/2004 Total RM'000</b>
<b>Unsecured:</b>	
Bank overdrafts	4,752
Revolving credit	3,000
Bankers' acceptance	20,731
	<u>28,483</u>
<b>Secured:</b>	
Term loans	2,775
Bank overdrafts	4,429
	<u>7,204</u>
	<u>35,687</u>
Repayable within twelve months	34,394
Repayable after twelve months	1,293
	<u>35,687</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 litigations of the Group which were disclosed in the Company's Circular to Shareholders dated 8 June 2004 except for High Court Suit No. 22-96-99-III(II). The Court had on 25 October 2004 allowed Quality Concrete Holdings Berhad (the Plaintiff)'s claim of RM784,870.20 and interest against the Defendant. However, the Court also allowed the Defendant to Counterclaim on the basis that there was in existence a turnkey contract and that the Defendant had suffered loss and to which the Plaintiff is liable to pay damages. The Court has fixed a hearing date on 17th December 2004 for assessment of damages. The Plaintiff has appealed against the High Court decision on 23 November 2004 and has, through its solicitors, filed in an application on 26 November 2004 to stay all further proceedings in respect of this case pending the disposal of the appeal.

The Plaintiff's solicitors are of the opinion that the Company has good grounds to appeal against the High Court's decision.

**25. Earnings per share**

	<b>Individual quarter ended</b>	
	<b>31/10/2004</b>	<b>31/10/2003</b>
	<b>'000</b>	<b>'000</b>
Net profit for the period (RM)	<u>1,237</u>	<u>3,500</u>
<b>Weighted average number of ordinary shares</b>		
Issued and fully paid share capital at beginning of the financial period	57,798	57,179
Effect of shares issued during the 3 months period ended 31 October 2004 / 2003	<u>47</u>	<u>29</u>
Weighted average number of ordinary shares	57,845	57,208
Effect of ESOS share options	<u>1,431</u>	<u>1,359</u>
Weighted average number of ordinary shares (diluted)	<u>59,276</u>	<u>58,567</u>
Basic (sen)	2.14	6.12
Fully diluted (sen)	2.09	5.98
<b>Cumulative year to date</b>		
	<b>31/10/2004</b>	<b>31/10/2003</b>
	<b>'000</b>	<b>'000</b>
Net profit for the period (RM)	<u>2,349</u>	<u>9,278</u>
<b>Weighted average number of ordinary shares</b>		
Issued and fully paid share capital at beginning of the financial period	57,413	56,800
Effect of shares issued during the 9 months period ended 31 October 2004 / 2003	<u>321</u>	<u>10</u>
Weighted average number of ordinary shares	57,734	56,810
Effect of ESOS share options	<u>1,336</u>	<u>1,513</u>
Weighted average number of ordinary shares (diluted)	<u>59,070</u>	<u>58,323</u>
Basic (sen)	4.07	16.33
Fully diluted (sen)	3.98	15.91



**26. Dividend payable**

No dividends have been declared for the 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 14th December 2004.