

**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 retained profit 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 68,000 new ordinary shares of RM1.00 each (“Share”) pursuant to the Company’s Employees’ Share Option Scheme (this consist of 63,000 Shares at an option price of RM1.38 per share and 5,000 Shares at and option price of RM1.53 per share).

For the current financial year-to-date, a total of 540,000 Shares were issued under the said scheme of which 472,000 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	146,478	3,131	4,750	1,517	281	-	156,157
Inter-segment sales	53	-	-	1,852	7,382	(9,287)	-
Total revenue	146,531	3,131	4,750	3,369	7,663	(9,287)	156,157
<b>RESULTS</b>							
Segment result	8,744	1,378	388	396	5,921	(6,209)	10,618
Investing results	-	-	-	-	(2,278)	-	(2,278)
Interest expense	(1,359)	(230)	-	(1)	(548)	2	(2,136)
Interest income	88	258	-	-	-	-	346
Income taxes	(2,218)	-	(52)	(129)	(1,458)	1,722	(2,135)
Minority interest	-	-	-	-	-	(120)	(120)
Net profit/(loss)	5,255	1,406	336	266	1,637	(4,605)	4,295
<b>OTHER INFORMATION</b>							
Segment assets	153,351	1,911	17,667	1,939	17,740	1,028	193,636
Segment liabilities	39,151	8,102	6,968	822	5,144	-	60,187
Depreciation	4,221	141	-	239	291	-	4,892
Non-cash expenses other than depreciation	969	-	-	-	432	57	1,458

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 audited annual balance sheet as at 31 January 2004, except for quarter under review where an additional corporate guarantee amounting to RM4.7 million was given by the Company to bankers for credit facilities granted to subsidiaries.

For the current financial year-to-date, a total additional corporate guarantee amounting to RM16.2 million given by the Company to bankers for credit facilities granted to subsidiaries.

	<b>RM'000</b>
As at 1 February 2004	70,400
Additional corporate guarantee	<u>16,200</u>
As at 31 January 2005	<u><u>86,600</u></u>

In addition, one of the subsidiaries company, Quality Concrete Sdn. Bhd. ("QCSB") was awarded a contract to construct a school which it later sub-contracted to another party with progress claims payable on a "back-to-back" basis. Following the delay in the completion of the project, there are potential liquidated ascertained damages ("LAD") in the region of RM2 million which may be imposed by the external party. However, in the event the LAD charges are imposed on QCSB, the company will pass on the LAD claims (if any) to its sub-contractor in view of the "back-to-back" arrangements.

**13. Capital commitments**

	<b>RM'000</b>
Capital expenditure approved and contracted for	<u>2,084</u>

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

The Group achieved a total revenue of RM35.6 million for the quarter under review as compared to RM41.1 million recorded in the preceding quarter. This represents a decrease of RM5.5 million (13.4%) which were mainly due to lower sales from the HDPE pipes and ready-mixed concrete divisions for the quarter under review. The Group's overall revenue was also, to a certain extent, affected by the festive holidays and general slow down in the construction industry.

However, the Group's overall revenue to-date has increased by RM1.5 million or 4.4% as compared to the prior year's corresponding period. This increase is mainly contributed from the timber division.

For the quarter ended 31 January 2005, the Group recorded a profit before tax ("PBT") of RM0.8 million while PBT for the preceding quarter and prior year's corresponding period was recorded at RM2.5 million and RM0.9 million, respectively.

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

For the quarter under review, the Group recorded a PBT of RM0.8 million, a decrease of RM1.7 million (67.4%) compared to the RM2.5 million recorded in the preceding quarter. This is mainly due to lower Group's overall revenue recorded for the quarter under review and also higher administrative and operating costs. A provision for diminution in the value of quoted share investment of RM0.4 million was provided for the quarter under review.

In comparison to the Group's PBT in the corresponding period in the previous financial year of RM0.9 million, the Group recorded a decrease of RM0.1 million (12.2%) in PBT. This is mainly due to higher finance costs and also provision for diminution in the value of quoted share investment of RM0.4 million for the period under review.

**16. Current year prospects**

With the increase in prices in raw materials and fuel, the Directors anticipate greater challenges and pressure on the Group's profit in the new financial year. However, barring unforeseen circumstances, the Directors are optimistic to achieve a satisfactory overall performance for the financial year ending 31 January 2006.

**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 31/01/2005 RM'000</b>	<b>Cumulative year-to-date 31/01/2005 RM'000</b>
- Current period taxation	(955)	(3,960)
- Over/(Under) provision of taxation	21	(400)
- Deferred taxation	2,175	2,225
	<u>1,241</u>	<u>(2,135)</u>

The Group's effective tax rate for the current quarter ended 31 January 2005 is lower due to overprovision in previous quarters.

The Group's effective tax rate for the current financial year-to-date is higher than the statutory tax rate of 28% due to the disallowance of certain expenses for tax purposes.

**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	648	12,590
Total disposals	743	10,996
Total net loss on disposal	335	2,278

- (b) Total investments in quoted securities as at 31 January 2005 were as follows:

	<b>RM'000</b>
At cost	9,234
At carrying value/ book value	8,668
At market value	8,450

The loss on disposal of RM2.28 million includes a provision for the diminution in the value of quoted share investment of RM0.43 million.


**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 31/01/2005 Total RM'000</b>
<b>Unsecured:</b>	
Bank overdrafts	4,329
Revolving credit	3,000
Bankers' acceptance	19,477
	<u>26,806</u>
<b>Secured:</b>	
Term loans	2,361
Bank overdrafts	2,841
	<u>5,202</u>
	<u>32,008</u>
Repayable within twelve months	30,959
Repayable after twelve months	1,049
	<u>32,008</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 and as previously announced in the quarterly report dated 14 December 2004.


**25. Earnings per share**

	<b>Individual quarter ended</b>	
	<b>31/01/2005</b>	<b>31/01/2004</b>
	<b>'000</b>	<b>'000</b>
Net profit for the period (RM)	<u>1,946</u>	<u>2,893</u>
<b>Weighted average number of ordinary shares</b>		
Issued and fully paid share capital at beginning of the financial period	57,885	57,288
Effect of shares issued during the 3 months period ended 31 January 2005 / 2004	<u>53</u>	<u>86</u>
Weighted average number of ordinary shares	57,938	57,374
Effect of ESOS share options	<u>1,918</u>	<u>1,593</u>
Weighted average number of ordinary shares (diluted)	<u>59,856</u>	<u>58,967</u>
Basic (sen)	3.36	5.04
Fully diluted (sen)	3.25	4.91
<b>Cumulative year to date</b>		
	<b>31/01/2005</b>	<b>31/01/2004</b>
	<b>'000</b>	<b>'000</b>
Net profit for the year (RM)	<u>4,295</u>	<u>12,171</u>
<b>Weighted average number of ordinary shares</b>		
Issued and fully paid share capital at beginning of the financial year	57,413	56,800
Effect of shares issued during the 12 months period ended 31 January 2005 / 2004	<u>372</u>	<u>63</u>
Weighted average number of ordinary shares	57,785	56,863
Effect of ESOS share options	<u>1,848</u>	<u>1,850</u>
Weighted average number of ordinary shares (diluted)	<u>59,633</u>	<u>58,713</u>
Basic (sen)	7.43	21.40
Fully diluted (sen)	7.20	20.73



**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 30th March 2005.