

**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 2005. 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 2005.

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 2005.

2. Auditors' report on preceding annual financial statements

The Group's audited financial statements for the financial year ended 31 January 2005 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 9,000 new ordinary shares of RM1.00 each (“Share”) pursuant to the Company’s Employees’ Share Option Scheme at an option price of RM1.38 per share.

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
REVENUE							
External sales	28,310	651	1,944	310	257	-	31,472
Inter-segment sales	9	-	-	589	-	(598)	-
Total revenue	28,319	651	1,944	899	257	(598)	31,472
RESULTS							
Segment result	(695)	364	221	112	(173)	-	(171)
Investing results	-	-	-	-	(170)	-	(170)
Interest expense	(298)	(74)	-	-	(76)	-	(448)
Interest income	171	-	-	-	-	-	171
Income taxes	(276)	-	(62)	(31)	-	-	(369)
Minority interest	-	-	-	-	-	-	-
Net profit/(loss)	(1,098)	290	159	81	(419)	-	(987)
OTHER INFORMATION							
Segment assets	149,024	1,921	17,159	1,558	19,361	1,028	190,051
Segment liabilities	38,823	7,660	6,259	764	4,070	-	57,576
Depreciation	1,010	5	-	54	73	-	1,142
Non-cash expenses other than depreciation	51	-	-	-	-	-	51

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 2005.

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 2005, except for the quarter under review where an additional corporate guarantee amounting to RM1.0 million was given by the Company to bankers for credit facilities granted to subsidiary and released of RM0.3 million for settlement of credit facilities by one of the subsidiaries.

	RM'000
As at 1 February 2005	86,600
Additional corporate guarantee	1,000
Redeemed corporate guarantee	<u>(300)</u>
As at 30 April 2005	<u>87,300</u>

13. Capital commitments

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

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

For the quarter under review, the Group recorded revenue of RM31.5 million, representing a decrease of RM4.1 million (11.5%) compared to that of the preceding quarter. The decrease in revenue was mainly from the timber division as there were lesser sales recorded due to long festive holidays in the current quarter as compared to the preceding quarter. The drop in the revenue was also due to the general slow down in the construction industry which affected the sales from the ready-mixed concrete division in the current quarter as compared to the preceding quarter.

The Group's revenue also showed a decrease of RM6.2 million when compared to the corresponding period of the last financial year as currently some of the major projects have been completed whereas the most of the new projects secured are not progressing as expected.

15. Comment on material change in profit before taxation ("PBT")

The Group recorded loss before taxation of RM0.6 million for the current quarter, a decrease of RM1.4 million compared to the PBT of RM0.8 million recorded in the preceding quarter. This is mainly due to lower revenue and also higher administrative and operating costs recorded for the quarter under review.

Compared to the Group's PBT of RM0.6 million recorded in the corresponding period in the previous financial year, there is a decrease of RM1.2 million in PBT in the current quarter. This is in line with lower revenue recorded by the Group for the quarter under review coupled with higher administrative and operating costs.

16. Current year prospects

Barring unforeseen circumstances, the Group's performance is expected to improve in the coming quarters with the commencement of new projects on hand. In addition, the new subsidiary company in Brunei is also expected to contribute positively to the Group's financial performance.

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 30/04/2005 RM'000	Cumulative year-to-date 30/04/2005 RM'000
- Current period taxation	(369)	(369)
- Deferred taxation	-	-
	<u>(369)</u>	<u>(369)</u>

The Group's effective tax rate for the current quarter ended 30 April 2005 is higher than the statutory tax rate of 28% due to certain disallowed 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:

	Current quarter RM'000	Current year-to-date RM'000
Total purchases	2,500	2,500
Total disposals	708	708
Total net loss on disposal	170	170

- (b) Total investments in quoted securities as at 30 April 2005 were as follows:

	RM'000
At cost	10,856
At carrying value/ book value	10,291
At market value	8,609

There was no additional provision for unrealised losses effected 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

	As at 30/04/2005 Total RM'000
Unsecured:	
Bank overdrafts	5,190
Revolving credit	3,000
Bankers' acceptance	17,985
	<u>26,175</u>
Secured:	
Term loans	1,940
Bank overdrafts	4,119
	<u>6,059</u>
	<u>32,234</u>
Repayable within twelve months	31,394
Repayable after twelve months	840
	<u>32,234</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 14 June 2005 and as previously announced in the quarterly report dated 14 December 2004.


25. Earnings per share

	Individual quarter ended	
	30/04/2005	30/04/2004
	'000	'000
Net loss for the period (RM)	<u>(987)</u>	<u>(1,026)</u>
Weighted average number of ordinary shares		
Issued and fully paid share capital at beginning of the financial period	57,953	57,413
Effect of shares issued during the 3 months period ended 30 April 2005 / 2004	<u>6</u>	<u>186</u>
Weighted average number of ordinary shares	57,959	57,599
Effect of ESOS share options	<u>2,013</u>	<u>1,334</u>
Weighted average number of ordinary shares (diluted)	<u>59,972</u>	<u>58,933</u>
Basic (sen)	(1.70)	(1.79)
Fully diluted (sen)	(1.65)	(1.74)
Cumulative year to date		
	30/04/2005	30/04/2004
	'000	'000
Net loss for the period (RM)	<u>(987)</u>	<u>(1,026)</u>
Weighted average number of ordinary shares		
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Basic (sen)	(1.70)	(1.79)
Fully diluted (sen)	(1.65)	(1.74)



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 29 June 2005.