

**NOTES TO THE INTERIM FINANCIAL REPORT****1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with FRS 134 Earning Per Share (formerly 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. The 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, there were no issuances and repayments of debt and equity securities.

For the current financial year-to-date, a total of 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 were issued in the previous quarter.

Apart from the above, there were no other issuances and repayments of debt and equity securities for the 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	54,236	986	2,914	597	258	-	58,991
Inter-segment sales	21	-	-	1,136	-	(1,157)	-
Total revenue	54,257	986	2,914	1,733	258	(1,157)	58,991
<b>RESULTS</b>							
Segment result	(186)	701	326	214	(597)	-	458
Investing results	-	-	-	-	(249)	-	(249)
Interest expense	(626)	(117)	-	-	(161)	-	(904)
Interest income	192	130	-	-	-	-	322
Income taxes	(296)	-	(91)	(60)	-	-	(447)
Minority interest	-	-	-	-	-	-	-
Net profit/(loss)	(916)	714	235	154	(1,007)	-	(820)
<b>OTHER INFORMATION</b>							
Segment assets	150,152	990	16,734	1,381	19,460	1,028	189,745
Segment liabilities	38,576	7,390	5,984	857	4,296	-	57,103
Depreciation	2,035	10	-	109	146	-	2,300
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 current year-to-date, a total additional corporate guarantee amounting to RM1.0 million was given by the Company to bankers for credit facilities granted to a subsidiary and release of RM0.3 million for settlement of credit facilities by one of the subsidiaries.

	<b>RM'000</b>
As at 1 February 2005	86,600
Additional corporate guarantee	1,000
Redeemed corporate guarantee	<u>(300)</u>
As at 31 July 2005	<u>87,300</u>

**13. Capital commitments**

	<b>RM'000</b>
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 RM27.5 million, representing a decrease of RM4.0 million (12.6%) compared to that of the preceding quarter. The decrease in revenue was mainly due to lower sales from the HDPE pipe manufacturing division. The drop in the revenue was also partly due to slow demand for houses in the property development division in the current quarter.

The Group's revenue also showed a decrease of RM14.2 million when compared to the corresponding period of last financial year. The decrease was mainly caused by lower sales recorded in HDPE pipe manufacturing and ready-mixed concrete division. Revenue from timber division also contracted compared to the corresponding period of last financial year due to the lower supply of logs for processing.

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

The Group recorded PBT of RM0.2 million for the current quarter, a slight improvement of RM0.8 million compared to the loss before tax of RM0.6 million recorded in the preceding quarter. This is due to an increase in other operating income of RM0.2 million arising from gain on disposal of fixed assets and also decrease in loss from disposal of quoted shares investment.

Compared to the Group's PBT of RM2.6 million recorded in the same quarter of last financial year, there is a decrease of RM2.4 million in PBT. This is mainly due to the decrease in revenue and also the escalating cost of raw materials and fuel prices during the period under review. Apart from that, the PBT in the same quarter of last financial year was significantly higher as there was an extraordinary gain of RM1.5 million from the sale of a parcel of land in that period.

**16. Current year prospects**

The prevailing high fuel prices and sluggish construction industry have affected the Group's revenue and profitability. However, the Group is confident that with the commencement of its new property development projects and improved sales of HDPE pipes for Government projects, barring unforeseen circumstances, the Group's result will show an improvement in the coming quarter.

**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 31/07/05 RM'000</b>	<b>Cumulative year-to-date 31/07/2005 RM'000</b>
- Current period taxation	(78)	(447)
- Deferred taxation	-	-
	<u>(78)</u>	<u>(447)</u>

The Group's effective tax rate for the current quarter ended 31 July 2005 and year-to-date are higher than statutory tax rate principally due to losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible 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	2,722	5,222
Total disposals	2,507	3,215
Total net loss on disposal	79	249

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

	<b>RM'000</b>
At cost	10,991
At carrying value/ book value	10,426
At market value	9,318

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**

	<b>As at 31/07/2005 Total RM'000</b>
<b>Unsecured:</b>	
Bank overdrafts	5,130
Revolving credit	3,000
Bankers' acceptance	18,859
	<u>26,989</u>
<b>Secured:</b>	
Term loans	1,529
Bank overdrafts	4,406
	<u>5,935</u>
	<u>32,924</u>
Repayable within twelve months	32,310
Repayable after twelve months	614
	<u>32,924</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 except for an appeal against the High Court decisions to allow Classic Ceiling Manufacturer (M) Sdn. Bhd. (“the Defendant”) to counterclaim losses suffered on a turnkey contract from Quality Concrete Holdings Berhad (“the Plaintiff”) as disclosed in the Company’s Circular to Shareholders dated 14 June 2005.

On 10 August 2005, the Court of Appeal allowed the Plaintiff’s appeal and at the same time dismissed the Defendant’s Cross-Appeal.

The Plaintiff was awarded costs for the Appeal and Cross-Appeal and costs in respect of the High Court action. Following a garnishee application filed by the Plaintiff and heard by the High Court, Kuching on 9 September 2005, an amount of RM414,690.00 has been secured to satisfy in part the judgment debt awarded to the Plaintiff in the sum of RM784,870.20 together with interest at the rate of 8% per annum on the said sum to be calculated from July 1998 until full and final settlement.

The solicitors are now in the process executing the balance of the said judgment against the Defendant.

**25. Earnings per share**

	<b>Individual quarter ended</b>	
	<b>31/07/2005</b>	<b>31/07/2004</b>
	<b>'000</b>	<b>'000</b>
Net profit for the period (RM)	<u>167</u>	<u>2,138</u>
<b>Weighted average number of ordinary shares</b>		
Issued and fully paid share capital at beginning of the financial period	57,962	57,413
Effect of shares issued during the 3 months period ended 31 July 2005 / 2004	-	53
Weighted average number of ordinary shares	<u>57,962</u>	<u>57,466</u>
Effect of ESOS share options	<u>2,238</u>	<u>1,336</u>
Weighted average number of ordinary shares (diluted)	<u>60,200</u>	<u>58,802</u>
Basic (sen)	0.29	3.72
Fully diluted (sen)	0.28	3.64
<b>Cumulative year to date</b>		
	<b>31/07/2005</b>	<b>31/07/2004</b>
	<b>'000</b>	<b>'000</b>
Net (loss)/profit for the period (RM)	<u>(820)</u>	<u>1,112</u>
<b>Weighted average number of ordinary shares</b>		
Issued and fully paid share capital at beginning of the financial year	57,953	57,413
Effect of shares issued during the 6 months period ended 31 July 2005 / 2004	7	265
Weighted average number of ordinary shares	<u>57,960</u>	<u>57,678</u>
Effect of ESOS share options	<u>2,112</u>	<u>1,297</u>
Weighted average number of ordinary shares (diluted)	<u>60,072</u>	<u>58,975</u>
Basic (sen)	(1.41)	1.93
Fully diluted (sen)	(1.37)	1.89





**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 September 2005.