

## **NOTES TO THE INTERIM FINANCIAL REPORT**

### **1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with FRS 133 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	86,532	1,390	4,757	865	418	-	93,962
Inter-segment sales	27	-	-	1,723	-	(1,750)	-
Total revenue	86,559	1,390	4,757	2,588	418	(1,750)	93,962
<b>RESULTS</b>							
Segment result	1,473	958	528	321	(855)	-	2,425
Investing results	-	-	-	-	(496)	-	(496)
Interest expense	(914)	(166)	-	-	(285)	-	(1,365)
Interest income	228	170	-	-	-	-	398
Income taxes	(488)	-	(153)	(64)	2	-	(703)
Minority interest	-	-	-	-	-	-	-
Net profit/(loss)	299	962	375	257	(1,634)	-	259
<b>OTHER INFORMATION</b>							
Segment assets	156,670	1,007	15,354	1,260	18,818	1,028	194,137
Segment liabilities	44,036	7,520	3,889	819	4,152	-	60,416
Depreciation	3,075	16	-	163	218	-	3,472
Non-cash expenses other than depreciation	26	-	-	-	-	-	26

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 a subsidiary.

For the current financial year-to-date, an additional corporate guarantee amounting to RM2.0 million was given by the Company to bankers for credit facilities granted to subsidiaries while corporate guarantee of RM0.3 million was redeemed due to settlement of credit facilities by one of the subsidiaries.

	<b>RM'000</b>
As at 1 February 2005	86,600
Additional corporate guarantee	2,000
Redeemed corporate guarantee	(300)
As at 31 October 2005	<u>88,300</u>

**13. Capital commitments**

	<b>RM'000</b>
Capital expenditure approved and contracted for	<u>2,714</u>

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

For the quarter under review, the Group recorded revenue of RM35.0 million, representing an increase of RM7.5 million (27.3%) compared to that of the preceding quarter. The increase in revenue in the current quarter was due to overall improvement in sales for all divisions except for ready-mixed concrete division. Sales from ready-mixed concrete division remains sluggish due to shortage of cement supply and lack of new projects.

Compared to the corresponding period of last financial year, the Group's revenue showed a decrease of RM6.1 million from RM41.1 million. The decrease was mainly caused by general slow down in the construction industry and fewer projects secured during the period under review.

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

The Group recorded PBT of RM1.3 million for the current quarter, an improvement of RM1.1 million compared to the preceding quarter. This is contributed by the higher revenue recorded.

Compared to the Group's PBT of RM2.5 million recorded in the same quarter of last financial year, there is a decrease of RM1.2 million in PBT. This is mainly due to the decrease in revenue and increase in the cost of raw materials and fuel during the period under review.

**16. Current year prospects**

The Group's overall results for the past nine months have been significantly affected by the increase in the cost of raw materials and fuel and also slow down in the overall construction industry. However, barring any unforeseen circumstances, the Board is optimistic that the Group will remain profitable for the next 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 31/10/05 RM'000</b>	<b>Cumulative year-to-date 31/10/2005 RM'000</b>
- Current period taxation	(256)	(703)
- Deferred taxation	-	-
	<u>(256)</u>	<u>(703)</u>

The Group's effective tax rate for the current quarter ended 31 October 2005 and year-to-date are higher than the 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	367	5,589
Total disposals	298	3,513
Total net loss on disposal	247	496

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

	<b>RM'000</b>
At cost	10,814
At carrying value/ book value	10,249
At market value	8,298

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 31/10/2005 Total RM'000</b>
<b>Unsecured:</b>	
Bank overdrafts	3,752
Revolving credit	3,000
Bankers' acceptance	25,114
	<u>31,866</u>
<b>Secured:</b>	
Term loans	1,284
Bank overdrafts	5,016
	<u>6,300</u>
	<u>38,166</u>
Repayable within twelve months	37,702
Repayable after twelve months	464
	<u>38,166</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/Judgment Debtor”) to counterclaim losses suffered on a turnkey contract from Quality Concrete Holdings Berhad (“the Plaintiff/Judgment Creditor”) as disclosed in the Company’s Circular to Shareholders dated 14 June 2005 and as previously announced in the quarterly report dated 29 September 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 as well as costs in respect of the High Court action. Following this, a garnishee application was filed by the Plaintiff and heard by the High Court, Kuching on 9 September 2005, a sum of RM414,690.00 was paid as part settlement of the Judgment sum RM784,870.20 awarded to the Plaintiff 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 Defendant being dissatisfied with the decision given by the Court of Appeal on 10 August 2005 has applied to the Federal Court for leave to appeal against the whole decision. On 7 September 2005, the solicitor for the Defendant has served an unseal Notice of Motion on the Plaintiff’s solicitor.

On 18 November 2005, the Plaintiff’s solicitors filed an application by way of Ex-Parte Summons In Chambers applied to the Court for an order to examine an Officer of the Judgment Debtor’s Company. The hearing date is fixed on 21 February 2006.

**25. Earnings per share**

	<b>Individual quarter ended</b>	
	<b>31/10/2005</b>	<b>31/10/2004</b>
	<b>'000</b>	<b>'000</b>
Net profit for the period (RM)	<u>1,079</u>	<u>1,237</u>
<b>Weighted average number of ordinary shares</b>		
Issued and fully paid share capital at beginning of the financial period	57,962	57,798
Effect of shares issued during the 3 months period ended 31 October 2005 / 2004	-	47
Weighted average number of ordinary shares	<u>57,962</u>	<u>57,845</u>
Effect of ESOS share options	<u>2,459</u>	<u>1,431</u>
Weighted average number of ordinary shares (diluted)	<u>60,421</u>	<u>59,276</u>
Basic (sen)	1.86	2.14
Fully diluted (sen)	1.79	2.09
<b>Cumulative year to date</b>		
	<b>31/10/2005</b>	<b>31/10/2004</b>
	<b>'000</b>	<b>'000</b>
Net profit for the period (RM)	<u>259</u>	<u>2,349</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 9 months period ended 31 October 2005 / 2004	8	321
Weighted average number of ordinary shares	<u>57,961</u>	<u>57,734</u>
Effect of ESOS share options	<u>2,242</u>	<u>1,336</u>
Weighted average number of ordinary shares (diluted)	<u>60,203</u>	<u>59,070</u>
Basic (sen)	0.45	4.07
Fully diluted (sen)	0.43	3.98





**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 19 December 2005.