

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134₂₀₀₄, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 January 2008. 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 2008.

2. Changes in Accounting Policies

The significant accounting policies adopted in these interim financial statements are consistent with those of the audited financial statements for the year ended 31 January 2008 except for the adoption of the following Financial Reporting Standards (FRS), Amendment to FRS and IC Interpretations issued by MASB that is effective for the Group’s annual financial period commencing 1 February 2008.

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 126	Accounting and Reporting by Retirement Benefit Plans
FRS 129	Accounting Reporting in Hyperinflationary Economics
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2 Instruments	Members’ Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach to FRS 129 ₂₀₀₄ Financial Accounting in Hyperinflationary Economics
IC Interpretation 8	Scope of FRS 2 Share-based payments

The adoption of the above FRSS, Amendments to FRS and IC Interpretation does not have any significant financial impact on the Group.

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

The Group's audited financial statements for the financial year ended 31 January 2008 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 and current financial year-to-date, there were no issuances and repayment of debt and equity securities.

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	55,812	98	-	596	115	-	56,621
Inter-segment sales	12	4,233	-	797	-	(5,042)	-
Total revenue	55,824	4,331	-	1,393	115	(5,042)	56,621
RESULTS							
Segment result	2,907	(92)	90	153	(632)	-	2,426
Investing results	-	-	-	-	-	-	-
Interest expense	(649)	-	(142)	-	(101)	-	(892)
Interest income	32	-	-	-	1	-	33
Income taxes	(649)	-	-	(31)	-	-	(680)
Share of associate results	-	-	-	-	-	(18)	(18)
Net profit/(loss)	1,641	(92)	(52)	122	(732)	(18)	869
OTHER INFORMATION							
Segment assets	147,231	882	24,007	1,308	28,057	940	202,425
Segment liabilities	42,537	3,453	5,623	557	4,718	(864)	56,024
Depreciation	1,476	7	1	78	161	-	1,723
Non-cash expenses other than depreciation	-	-	-	-	-	-	-

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 2008.

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 under review.


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 2008, except for the quarter under review and the current financial year-to-date where an additional corporate guarantee amounting to RM0.18 million was given by the Company to bankers for credit facilities granted to a subsidiary.

	RM'000
As at 31 January 2008	83,053
Additional corporate guarantee	-
As at 31 July 2008	<u>83,053</u>

13. Capital commitments

There were no material capital commitments for the current quarter under review.

14. Review of performance of the Group

The Group's revenue has shown a significant improvement for the current quarter under review with revenue recorded at RM32.2 million, an increase of RM7.7 million or 31.4% compared to the last quarter. Revenue generated from RMC division has increased by RM4.7 million during the quarter due to higher sales volume while HDPE pipes division has more than doubled its sales valued at RM3.2 million compared to the last quarter.

The Group's revenue for the current cumulative quarter has shown a slight improvement of RM0.7 million compared to the same period last year despite the significant improvement in the current quarter mainly due to less than satisfactory performance in the preceding quarter.

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

The Group's current PBT of RM2.0 million has also marked an encouraging improvement in tandem with the increase in revenue. This represents an increase of RM2.5 million compared to the preceding quarter. Higher sales volume and selling price for RMC has led to better profit margin for the Group.

The cumulative PBT for the Group for 6 months period was recorded at RM1.5 million, an increase of RM2.1 million compared to the corresponding period of last financial year.


16. Current year prospects

Barring unforeseen circumstances, the management expects the Group to be able to achieve a favourable financial result in the coming financial year.

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 31/07/2008 RM'000	Cumulative year-to-date 31/07/2008 RM'000
- Current period taxation	(456)	(680)
- Over/(Under) provision of taxation	-	-
- Deferred taxation	-	-
	<u>(456)</u>	<u>(680)</u>

The Group's effective tax rate for the current quarter ended 31 July 2008 is lower than the statutory tax rate of 25% due to adjustment of over provision in the previous quarter.

The Group's effective tax rate for the current financial year-to-date is higher than the statutory tax rate of 26% due to losses from certain subsidiaries which cannot be set off against taxable profits from other subsidiaries, and certain expenses which are not deductible for tax purpose.

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	Nil	3,296
Total disposals	Nil	Nil
Total net (loss)/gain on disposal	Nil	Nil

- (b) Total investments in quoted securities as at 31 July 2008 were as follows:

	RM'000
At cost	13,271
At carrying value/book value	13,271
At market value	10,973

There was no provision for the diminution in the value of quoted share investment for the quarter under review.

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 31/07/2008 Total RM'000
Unsecured:	
Bank overdrafts	4,697
Revolving credit	1,700
Bankers' acceptance	17,385
	<u>23,782</u>
Secured:	
Term loans	1,300
Bank overdrafts	1,635
	<u>2,935</u>
	<u>26,717</u>
Repayable within twelve months	25,593
Repayable after twelve months	1,124
	<u>26,717</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 30 May 2006 and as previously announced in the quarterly report dated 29 March 2006, 28 June 2006 and 28 September 2006 except for the date of the court hearing for Quality Concrete Holdings Berhad's Ex-Parte Summons In Chambers for the order to examine an Officer of Classic Ceiling Manufacturer (M) Sdn. Bhd. (Civil suit no. 22-96-99-III (II)) which has been further adjourned from 16 January 2007 to a date which has not been confirmed yet.

25. Earnings per share

	Individual quarter ended	
	31/07/2008	31/07/2007
	'000	'000
Net profit /(loss) for the period (RM)	<u>1,499</u>	<u>(499)</u>
Weighted average number of ordinary shares		
Issued and fully paid share capital at beginning of the financial period	57,962	57,962
Effect of shares issued during the 3 months period ended 31 July 2008 / 2007	-	-
Weighted average number of ordinary shares	<u>57,962</u>	<u>57,962</u>
Effect of ESOS share options	-	-
Weighted average number of ordinary shares (diluted)	<u>57,962</u>	<u>57,962</u>
Basic (sen)	2.58	(0.86)
Fully diluted (sen)	2.58	(0.86)
Cumulative year to date		
	31/07/2008	31/07/2007
	'000	'000
Net profit/(loss) for the period (RM)	<u>836</u>	<u>(583)</u>
Weighted average number of ordinary shares		
Issued and fully paid share capital at beginning of the financial year	57,962	57,962
Effect of shares issued during the 3 months period ended 31 July 2008 / 2007	-	-
Weighted average number of ordinary shares	<u>57,962</u>	<u>57,962</u>
Effect of ESOS share options	-	-
Weighted average number of ordinary shares (diluted)	<u>57,962</u>	<u>57,962</u>
Basic (sen)	1.44	(1.01)
Fully diluted (sen)	1.44	(1.01)



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 2008.