

## 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”) 134<sub>2004</sub>, 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 2009. 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 2009.

### 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 2009 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 2009.

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 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	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 <sub>2004</sub> Financial Accounting in Hyperinflationary Economics
IC Interpretation 8	Scope of FRS 2

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 2009 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
<b>REVENUE</b>							
External sales	72,875	548	3,911	130	224	-	77,688
Inter-segment sales	77	17,420	-	2,018	-	(19,515)	-
Total revenue	72,952	17,968	3,911	2,148	224	(19,515)	77,688
<b>RESULTS</b>							
Segment result	2,949	122	427	88	(962)	39	2,663
Investing results	-	-	-	-	(271)	-	(271)
Interest expense	(899)	-	-	-	(258)	-	(1,157)
Income taxes	(165)	-	(112)	(24)	-	-	(301)
Net profit/(loss)	1,885	122	315	64	(1,491)	39	934
<b>OTHER INFORMATION</b>							
Segment assets	150,482	928	21,932	1,004	100,398	(70,336)	204,408
Segment liabilities	47,464	3,003	4,286	280	7,979	3	63,015
Depreciation	2,347	6	1	108	243	-	2,705
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 2009.

## 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 2009.

	<b>As At 31 October 2009 RM'000</b>	<b>As At 31 January 2009 RM'000</b>
Corporate Guarantee	<u>31,792</u>	<u>27,894</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 in the current quarter has shown a significant increase of RM6.7 million or 27.9% compared to the last quarter. Revenue from HDPE pipes and property development division have risen by RM3.4 million and RM3.9 million respectively in the quarter under review while revenue from other divisions have performed slightly lower than last quarter. However, the Group's revenue to date at RM77.7 million is still significantly lower than the RM85.4 million recorded in the same period last year mainly due to lower revenue generated from the timber products division as demands from overseas continue to be slow and the weakening US dollar.

## 15. Comment on material change in profit before taxation ("PBT")/ loss before taxation ("LBT")

The Group's PBT for the current quarter stood at RM1.9 million which is RM1.5 million higher than the last quarter. The HDPE pipes division has shown an increase of RM1.5 million in PBT in line with the increase in revenue while the investment division has shown an improvement of RM1.3 million from the disposal of its quoted investments. However, the RMC division has registered a LBT of RM0.6 million which is RM1.4 million lower than the last quarter's result due to lower demand and higher costs. The Group's PBT to date is at RM1.2 million which is lower than the RM2.9 million recorded in the same corresponding period of last year as PBT from the RMC division has not been performed as well as last year.

**16. Current year prospects**

Barring any unforeseen circumstances, the management expects the Group to be able to achieve a favourable financial result in the coming financial year in view of the recovery shown in the local and global financial market.

**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 31/10/2009 RM'000</b>	<b>Cumulative year-to-date 31/10/2009 RM'000</b>
- Current period taxation	(9)	301
- Over/(Under) provision of taxation	-	-
- Deferred taxation	-	-
	<u>(9)</u>	<u>301</u>

The Group's effective tax rate for the current quarter ended 31 October 2009 and the current financial year-to-date is higher than the statutory tax rate of 25% 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:

	<b>Current quarter RM'000</b>	<b>Current year-to-date RM'000</b>
Total purchases	2,986	10,249
Total disposals	4,932	9,967
Total net (loss)/gain on disposal	438	(271)

- (b) Total investments in quoted securities as at 31 October 2009 were as follows:

	<b>RM'000</b>
At cost	13,553
At carrying value/book value	13,553
At market value	15,586

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**

	<b>As at 31/10/2009 Total RM'000</b>
<b>Unsecured:</b>	
Bank overdrafts	4,543
Revolving credit	1,000
Bankers' acceptance	23,594
	<u>29,137</u>
<b>Secured:</b>	
Term loans	272
Bank overdrafts	2,383
	<u>2,655</u>
	<u>31,792</u>
Repayable within twelve months	31,629
Repayable after twelve months	163
	<u>31,792</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 both in the Company's Circular to Shareholders dated 3 June 2009 and previously announced quarterly reports except for the date of the court hearing for Quality Concrete Holding 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 12 November 2009 to 21 January 2010.

**25. Earnings per share**

	<b>Individual quarter ended</b>	
	<b>31/10/2009</b>	<b>31/10/2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit for the period	<u>1,847</u>	<u>829</u>
<b>Weighted average number of ordinary shares</b>	<b>Individual quarter ended</b>	
	<b>31/10/2009</b>	<b>31/10/2008</b>
	<b>'000</b>	<b>'000</b>
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 October 2009 / 2008	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares	57,962	57,962
Effect of ESOS share options	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares (diluted)	<u>57,962</u>	<u>57,962</u>
Basic (sen)	3.19	1.43
Fully diluted (sen)	3.19	1.43
	<b>Cumulative year to date</b>	
	<b>31/10/2009</b>	<b>31/10/2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit for the period	<u>818</u>	<u>1,665</u>
<b>Weighted average number of ordinary shares</b>	<b>Cumulative year to date</b>	
	<b>31/10/2009</b>	<b>31/10/2008</b>
	<b>'000</b>	<b>'000</b>
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 October 2009 / 2008	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares	57,962	57,962
Effect of ESOS share options	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares (diluted)	<u>57,962</u>	<u>57,962</u>
Basic (sen)	1.41	2.87
Fully diluted (sen)	1.41	2.87





**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 December 2009.