

## 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	100,462	777	6,276	207	246	-	107,968
Inter-segment sales	96	24,092	-	2,018	151	(26,357)	-
Total revenue	100,558	24,869	6,276	2,225	397	(26,357)	107,968
<b>RESULTS</b>							
Segment result	1,016	101	642	7	(1,197)	39	608
Investing results	-	-	-	-	267	-	267
Interest expense	(1,106)	-	-	-	(374)	-	(1,480)
Income taxes	(828)	(25)	(380)	(39)	-	-	(1,272)
Net profit/(loss)	(918)	76	262	(32)	(1,304)	39	(1,877)
<b>OTHER INFORMATION</b>							
Segment assets	153,405	2,591	24,254	1,011	101,585	(70,336)	212,510
Segment liabilities	54,910	2,829	6,498	80	8,321	2	72,640
Depreciation	3,161	7	1	141	119	-	3,429
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 January 2010 RM'000</b>	<b>As At 31 January 2009 RM'000</b>
Corporate Guarantee	<u>46,774</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 for the current quarter shown a slight decrease of RM0.6 million compared to the preceding quarter at RM30.3 million. However, the Group has seen its revenue for the 12 months period increased from RM106.5 million to RM108.0 million in the current financial year. The increase was mainly attributed to better performance from the RMC, HDPE pipes and property development divisions.

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

The Group's PBT has dropped from RM1.9 million from last quarter to LBT of RM1.8 million in the current quarter. The significant drop was mainly due to year end provision for doubtful debts of RM2.5 million. The current year's LBT for the Group is at RM0.6 million, a significant improvement compared to the LBT of RM3.8 million recorded at the last financial year. This is largely due to better profit generated from the HDPE pipes and property development divisions coupled with the improvement from the timber products division.

**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 overall improvement 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 31/01/2010 RM'000</b>	<b>Cumulative year-to-date 31/01/2010 RM'000</b>
- Current period taxation	503	813
- Over/(Under) provision of taxation	-	-
- Deferred taxation	459	459
	<u>962</u>	<u>1,272</u>

The Group's effective tax rate for the current quarter ended 31 January 2010 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	4,826	15,075
Total disposals	3,745	13,712
Total net (loss)/gain on disposal	538	267

- (b) Total investments in quoted securities as at 31 January 2010 were as follows:

	<b>RM'000</b>
At cost	14,902
At carrying value/book value	14,902
At market value	16,783

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 31/01/2010 Total RM'000</b>
<b>Unsecured:</b>	
Bank overdrafts	5,128
Revolving credit	-
Bankers' acceptance	40,662
	<u>45,790</u>
<b>Secured:</b>	
Term loans	163
Bank overdrafts	821
	<u>984</u>
	<u>46,774</u>
Repayable within twelve months	46,774
Repayable after twelve months	-
	<u>46,774</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 court case, Quality Concrete Holdings Bhd. against Classic Ceiling Manufacturer (M) Sdn. Bhd. (Civil Suit No. 22-96-99-III/II) which the court has struck out the order for Examination of Judgement Debtor of Sim Chin Thiam with liberty to file afresh as numerous attempts to serve the said order by personal service had been fruitless.

**25. Earnings per share**

	<b>Individual quarter ended</b>	
	<b>31/01/2010</b>	<b>31/01/2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Net loss for the period	<u>(2,854)</u>	<u>(5,268)</u>
<b>Weighted average number of ordinary shares</b>	<b>Individual quarter ended</b>	
	<b>31/01/2010</b>	<b>31/01/2009</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 January 2010 / 2009	<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)	(4.92)	(9.09)
Fully diluted (sen)	(4.92)	(9.09)
	<b>Cumulative year to date</b>	
	<b>31/01/2010</b>	<b>31/01/2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Net loss for the period	<u>(2,036)</u>	<u>(3,603)</u>
<b>Weighted average number of ordinary shares</b>	<b>Cumulative year to date</b>	
	<b>31/01/2010</b>	<b>31/01/2009</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 January 2010 / 2009	<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)	(3.51)	(6.22)
Fully diluted (sen)	(3.51)	(6.22)





**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 30 January 2010.