

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

The condensed consolidated interim financial statements (Condensed Report) are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”), IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group’s audited annual financial statements for the financial year ended 31 January 2015. The explanatory notes attached to the condensed consolidated 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 year ended 31 January 2015.

2. Significant Accounting Policies

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 January 2015 except for the adoption of the following with effect from 1 February 2015:

- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 127, Separate Financial Statements
- MFRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136, Impairment of Assets-Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139, Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

The initial application of the above is not expected to have any material financial impact on the Group’s results.



3. Auditors' report on preceding annual financial statements

The Group's audited financial statements for the financial year ended 31 January 2015 were reported on by its external auditors, Ernst & Young without any qualifications.

4. Seasonal or cyclical factors

The performance of the Group was not affected by any significant seasonal or cyclical factors during the period under review.

5. 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.

6. 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.

7. 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.

8. Dividends paid

No dividend was paid in the current quarter and financial year to date.

9. Segmental reporting

The segment information for business segments predominantly conducted in Malaysia for the current financial year to date were as follows:

3 months ended 30 April 2015	Manufacturing RM '000	Trading RM '000	Property development & Construction RM '000	Quarry operation RM '000	Investment & mgt services RM '000	Eliminations /Adjustment RM '000	Total RM '000
REVENUE							
External sales	29,684	238	10,913	469	-	-	41,304
Inter-segment sales	25	6,996	-	480	-	(7,501)	-
Total revenue	29,709	7,234	10,913	949	-	(7,501)	41,304
RESULTS							
Operating profit	684	107	(74)	121	(913)	-	(75)
Financing cost	(599)	-	(594)	(1)	(67)	-	(1,261)
Income taxes	-	-	-	(74)	-	-	(74)
Net profit/(loss)	85	107	(668)	46	(979)	-	(1,409)

3 months ended 30 April 2014	Manufacturing RM '000	Trading RM '000	Property development & construction RM '000	Quarry operation RM '000	Investment & mgt services RM '000	Eliminations /Adjustment RM '000	Total RM '000
REVENUE							
External sales	28,838	106	9,511	172	-	-	38,627
Inter-segment sales	2,109	7,620	-	584	-	(10,313)	-
Total revenue	30,947	7,726	9,511	756	-	(10,313)	38,627
RESULTS							
Operating profit	1,673	123	(3,442)	160	(704)	-	(2,190)
Financing cost	(569)	-	(312)	(1)	(3)	-	(885)
Income taxes	(218)	-	(102)	(40)	-	350	(10)
Net profit/(loss)	886	123	(3,856)	119	(707)	350	(3,084)

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 composition of the Group for the current quarter and financial year to date.


12. Capital commitments

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

14. Related Party Transactions

	3 months ended		3 months ended	
	30.04.15	30.04.14	30.04.15	30.04.14
	RM'000	RM'000	RM'000	RM'000
Income				
Sale of construction materials to:				
-Lee Ling Construction & Development Sdn. Bhd.	5	-	5	-
-Limba Jaya Timber Sdn. Bhd.	59	-	59	-
-Pahaytc Sdn. Bhd.	5	-	5	-
-Lee Ling Timber Sdn. Bhd.	137	-	137	-
Expenditure				
Purchase of sawn timber				
-Lee Ling Timber Sdn. Bhd.	2,876	2,736	2,876	2,736
Construction works				
-Lee Ling Construction & Development Sdn. Bhd.	7,746	1,600	7,746	1,600
Rental of office				
-BMK Development Sdn. Bhd.	27	27	27	27

**15. Review of performance of the Group**

For the current quarter under review, the Group has registered a higher revenue at RM41.3 million, up by RM2.7 million compared to the corresponding quarter of last financial year. The increase was mainly attributed by higher revenue generated from the construction division while revenue from other division has not changed much. Comparing to the preceding quarter, the Group's revenue was down by RM9.8 million due to festive season and wet weather in the current quarter which significantly affect the construction and property development division.

16. Comment on material change in loss before taxation ("LBT")

The Group registered better performance in the current quarter compared to the same quarter of last year as LBT was narrow at RM1.3 million against the RM3.1 million recorded last year mainly due to less losses incurred from the construction division as there were fewer write down on contract sum. The LBT in the current quarter is also significantly lower compared to last quarter by RM7.3 million due to the impairment on inventories and receivables affected in the last quarter.

17. Current year prospects

The management is mindful of the challenges ahead and is taking measures to improve the performance of the Group and ensure better efficiency. Barring any unforeseen circumstances, the Group is optimistic that the performance in the coming quarters that the performance in the coming quarters will be better than last year.

18. (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.

19. Taxation

	3 months ended 30/04/2015 RM'000	3 months ended 30/04/2014 RM'000
- Current period taxation	74	10
-(Over)/Under provision of taxation	-	-
- Deferred taxation	-	-
	<u>74</u>	<u>10</u>

20. 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.

21. Group borrowings and debt securities

	As At 30/04/15 Total RM'000
Secured:	
Term loans	11,529
Bank overdrafts	7,279
Revolving credits	19,000
Bankers' acceptance	33,261
Hire purchase	1,498
	72,567
Repayable within twelve months	62,357
Repayable after twelve months	10,210
	72,567

The above borrowings are denominated in Ringgit Malaysia

22. Earnings per share

	Individual quarter ended	
	30/04/2015	30/04/2014
	RM'000	RM'000
Net loss attributable to owners of the parent	<u>(1,392)</u>	<u>(3,046)</u>
Weighted average number of ordinary shares	Individual quarter ended	
	30/04/2015	30/04/2014
	'000	'000
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 2015 / 2014	-	-
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)	(2.40)	(5.26)
Fully diluted (sen)	(2.40)	(5.26)
	Cumulative year to date	
	30/04/2015	30/04/2014
	RM'000	RM'000
Net loss attributable to owners of the parent	<u>(1,392)</u>	<u>(3,046)</u>
Weighted average number of ordinary shares	Cumulative year to date	
	30/04/2015	30/04/2014
	'000	'000
Issued and fully paid share capital at beginning of the financial year	57,962	57,962
Effect of shares issued during the 12 months period ended 31 January 2015 / 2014	-	-
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)	(2.40)	(5.26)
Fully diluted (sen)	(2.40)	(5.26)


23. 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 8 June 2015 and previously announced quarterly reports.

24. Comprehensive Income Disclosures

Profit for the year is arrived at after charging/(crediting) the following:

	Individual Quarter		Cumulative Quarter	
	30/04/2015	30/04/2014	30/04/2015	30/04/2014
	RM'000	RM'000	RM'000	RM'000
Amortisation of prepaid land lease	105	80	105	80
Bad debts written back	(1)	(7)	(1)	(7)
Depreciation of property, plant & equipment	1,168	1,114	1,168	1,114
(Gain)/Loss on disposal of other investment	-	-	-	-
Interest expenses	753	851	753	851
Interest income	(37)	(9)	(37)	(9)
Impairment loss on receivables	-	-	-	-
Inventory written off	-	-	-	-
Net fair value changes in investment securities	38	(40)	38	(40)
Property, plant & equipment written off	-	-	-	-


25. Realised and unrealised profits/losses

	As at 30/04/2015 RM'000	As at 31/01/2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
-Realised	102,392	102,656
-Unrealised	(141)	1,317
	<u>102,251</u>	<u>103,973</u>
Less: Consolidation adjustment	(55,501)	(55,486)
Retained earnings as per consolidated accounts	<u>46,750</u>	<u>48,487</u>

26. 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 June 2015.