

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

**PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134 – INTERIM FINANCIAL REPORTING**

**1. Basis of preparation**

The interim financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain property, plant and equipment. The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. 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 year ended 31 December 2010.

The interim financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000).

**2. Changes in accounting policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010 except for the adoption of the following Financial Reporting Standards (“FRS”), amendments to FRSs and Interpretations which are mandatory for financial period beginning 1 January 2011.

On 1 January 2011, the Group adopted the following new and amended FRSs and IC Interpretations:-

FRS 1: First-time Adoption of Financial Reporting Standards  
FRS 3: Business Combinations (Revised)  
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters  
Amendments to FRS 1 : Additional Exemptions for First-time Adopters  
Amendments to FRS 2: Share-based Payment  
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions  
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations  
Amendments to FRS 7: Improving Disclosures about Financial Instruments  
Amendments to FRS 127: Consolidated and Separate Financial Statements  
Amendments to FRS 132: Financial Instruments: Presentation  
Amendments to FRS 138: Intangible Assets  
Amendments to FRSs ‘Improvements to FRSs issued in 2010’  
IC Interpretation 4 : Determining Whether an Arrangement Contains a Lease  
IC Interpretation 12: Service Concession Arrangements  
IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation  
IC Interpretation 17 : Distributions of Non-cash Assets to Owners  
IC Interpretation 18: Transfers of Assets from Customers  
Amendments to IC Interpretation 9 : Reassessment of Embedded Derivatives  
Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations do not have significant financial impact on the Group’s financial statements in the period of initial application except for the changes in accounting policies arising from the adoption of the new disclosures under the Amendments to FRS 7 which will affect the 2011 annual financial statements.

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**NOTES (cont'd)**

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

The auditors' report on the financial statements for the year ended 31 December 2010 was not qualified.

**4. Segmental information**

**Results for the 3 months ended 30 June 2011**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Const- ruction RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Revenue</b>					
Total revenue including inter-segment sales	10,085	-	543	-	10,628
Less: Inter-segment sales	(56)	-	-	-	(56)
External revenue	<u>10,029</u>	<u>-</u>	<u>543</u>	<u>-</u>	<u>10,572</u>
<b>Segment Results</b>					
Results	(288)	(8)	361	-	65
Finance costs	(272)	-	-	-	(272)
Share of results of an associate					-
Loss before tax					<u>(207)</u>
Income tax expense					<u>(76)</u>
Loss after tax					<u>(283)</u>
<b>Other information</b>					
Interest income	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>

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	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Const- ruction RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Revenue</b>					
Total revenue including inter-segment sales	10,142	-	981	-	11,123
Less: Inter-segment sales	(702)	-	-	-	(702)
External revenue	<u>9,440</u>	<u>-</u>	<u>981</u>	<u>-</u>	<u>10,421</u>
<b>Segment Results</b>					
Results	(218)	(9)	62	(1)	(166)
Finance costs	(322)	-	-	-	(322)
Share of results of an associate					-
Loss before tax					<u>(488)</u>
Income tax expense					-
Loss after tax					<u>(488)</u>
<b>Other information</b>					
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Results for the 6 months ended 30 June 2011**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Const- ruction RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Revenue</b>					
Total revenue including inter-segment sales	21,538	-	879	-	22,417
Less: Inter-segment sales	(297)	-	-	-	(297)
External revenue	<u>21,241</u>	<u>-</u>	<u>879</u>	<u>-</u>	<u>22,120</u>

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## NOTES (cont'd)

## 4. Segmental information (cont'd)

**Results for the 6 months ended 30 June 2011 (cont'd)**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Const- ruction RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Results</b>					
Results	1,337	(15)	266	-	1,588
Finance costs	(548)	-	-	-	(548)
Share of results of an associate					-
Profit before tax					1,040
Income tax expense					(76)
Profit after tax					964
<b>Other information</b>					
Interest income	86	-	-	-	86

**Results for the 6 months ended 30 June 2010**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Const- ruction RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Revenue</b>					
Total revenue including inter-segment sales	20,350	-	1,593	-	21,943
Less: Inter-segment sales	(1,148)	-	-	-	(1,148)
External revenue	19,202	-	1,593	-	20,795
<b>Segment Results</b>					
Results	51	(21)	64	(1)	93
Finance costs	(532)	-	-	-	(532)
Share of results of an associate					-
Loss before tax					(439)
Income tax expense					-
Loss after tax					(439)
<b>Other information</b>					
Interest income	4	-	-	-	4

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**NOTES (cont'd)**

**5. Unusual items due to their nature, size and incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 December 2010 except as disclosed in Note 2.

**6. Changes in estimates**

There were no changes in estimates that have had a material effect in the current quarter results.

**7. Comments about seasonal or cyclical factors**

The business of the Group was not affected by any significant seasonal or cyclical factors.

**8. Dividend**

The Company did not declare or pay any dividend during the quarter and financial period ended 30 June 2011.

**9. Carrying amount of revalued assets**

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2010.

**10. Investment in an associate**

	<b>As At 30.06.2011 RM'000</b>	<b>As At 31.12.2010 RM'000</b>
Unquoted shares, at cost	3,000	3,000
Share of post-acquisitions reserves	(14)	(14)
	<u>2,986</u>	<u>2,986</u>

Details of the associate are as follows:

<b>Name of associate</b>	<b>Country of incorporation</b>	<b>Principal activities</b>	<b>Proportion of ownership interest</b>	
			<b>As at 30.06.2011 %</b>	<b>As at 31.12.2010 %</b>
<b>Held through SCIB Properties Sdn. Bhd. :</b>				
Influx Meridian Sdn. Bhd.	Malaysia	Property development	40%	40%

**11. Debt and equity securities**

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial year-to-date.

**12. Changes in composition of the Group**

There were no changes in the composition of the Group for the current quarter and financial year-to-date.

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**NOTES (cont'd)**

**13. Capital commitments**

	<b>As At 30.06.2011 RM'000</b>	<b>As At 31.12.2010 RM'000</b>
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	606	92
Approved but not contracted for	500	-
	<u>1,106</u>	<u>92</u>
	=====	=====

**14. Contingent liabilities – Unsecured**

	<b>As At 30.06.2011 RM'000</b>	<b>As At 31.12.2010 RM'000</b>
Corporate guarantee given to bank for credit facilities granted to a subsidiary	25,000	25,000
	<u>25,000</u>	<u>25,000</u>
	=====	=====

**15. Subsequent event**

There were no material events subsequent to the end of the current quarter.

**PART B -ADDITIONAL INFORMATION PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

**16. Performance review**

The Group recorded a slight increase of revenue to RM10.6 million for the current quarter under review, compared to revenue of RM10.4 million generated in the same quarter last year. Sales from the manufacturing division grew by 6% as compared to the corresponding quarter last year contributed mainly by higher sales and increase in demand for industrialised building system components.

In this quarter under review, the Group's gross profit was RM2.04 mil representing a 46% improvement from RM1.4 mil posted in the corresponding quarter last year. Gross profit margin rose to 19% from 13% recorded in the second quarter of 2010. The Group reported a lower loss before tax of RM207,000, as compared to loss before tax of RM488,000 registered in the corresponding quarter last year. On a year-to-date basis, the Group recorded a profit after tax of RM964,000 as compared to RM439,000 of loss after tax in the previous year corresponding period. The improved profitability in the year-to-date as compared to prior year was primarily due to improved contribution from sale of the industrialised building system components.

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**NOTES (cont'd)**

**17. Variation of results against preceding quarter**

The Group registered a net loss of RM283,000 from a revenue of RM10.6 mil for the current quarter as compared to a net profit of RM1.25 mil from a revenue of RM11.5 mil in the preceding quarter. This loss was attributed by impairment losses on trade receivables and raw materials amounting to RM295,000.

**18. Prospects for the next financial year**

The Board of Directors expects the Group to benefit from its leadership position in pre-cast concrete products and sole total solution provider in Industrialised Building System in Sarawak with the rolling out of major projects under the 10<sup>th</sup> Malaysia Plan and Sarawak Corridor Of Renewable Energy. The Board expects better performance this year.

**19. (a) Variance of actual profit from forecast profit**

Not applicable

**(b) Shortfall in the profit guarantee**

Not applicable

**20. Income tax expense**

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2011</b>	<b>30.06.2010</b>	<b>30.06.2011</b>	<b>30.06.2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax	60	-	60	-
(Over)/underprovision of tax in prior year	16	-	16	-
	<u>76</u>	<u>-</u>	<u>76</u>	<u>-</u>
Deferred tax	-	-	-	-
Total income tax expense	<u>76</u>	<u>-</u>	<u>76</u>	<u>-</u>

**21. Breakdown of accumulated losses of the Group as at the reporting date into realised and unrealised**

	<b>As at</b>	<b>As at</b>
	<b>30.06.2011</b>	<b>31.12.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Total accumulated losses		
- Realised	25,359	26,295
- Unrealised	-	-
	<u>25,359</u>	<u>26,295</u>
Total share of loss of an associate		
- Realised	14	14
- Unrealised	-	-
	<u>14</u>	<u>14</u>
Total losses before consolidation adjustments	25,373	26,309
Consolidation adjustments	1,620	1,648
Total Group accumulated losses as per consolidated accounts	<u>26,993</u>	<u>27,957</u>

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**NOTES (cont'd)**

**22. Sales of unquoted investments and properties**

There were no sales of unquoted investments and properties for the current quarter and financial period ended 30 June 2011.

**23. Quoted securities**

**a) Purchases and disposals of quoted securities**

There were no purchases or disposals of quoted securities for the current quarter and financial period ended 30 June 2011.

**b) Investment in quoted securities**

There were no investments in quoted shares as at the reporting period.

**24. Corporate Proposals**

*Status of corporate proposal announced*

The Internal Group Rationalisation exercise has been completed except for the legal transfer of the land and buildings which are still in progress.

**25. Borrowings**

	<b>As at 30.06.2011 RM'000</b>	<b>As at 31.12.2010 RM'000</b>
<b>Short term borrowings</b>		
Secured	3,356	3,253
Unsecured	104	-
	<u>3,460</u>	<u>3,253</u>
<b>Long term borrowings</b>		
Secured	10,844	12,604
	<u>14,304</u>	<u>15,857</u>

All of the above borrowings are denominated in Ringgit Malaysia.

**26. Derivatives financial instruments**

There were no outstanding derivatives as at the end of the reporting period.



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**NOTES (cont'd)**

**27. Material litigation**

- On 6 November 2003, the Company announced that it had entered into a Conditional Sale Share Agreement (“SSA”) to acquire the entire issued and paid-up capital of Eurologic Sdn Bhd. Eurologic Sdn Bhd has 65% interest in N S Water Konsortium Sdn Bhd (“**Konsortium**”), the water concession company which has been granted the exclusive rights and responsibilities to undertake the privatisation of water supply in the State of Negeri Sembilan upon the terms and conditions to be agreed upon between the State Government of Negeri Sembilan and the Konsortium.

On 16 January 2008, the Company through its solicitor had demanded refund of all monies paid under the SSA amounting RM5.8 million as the vendors failed to fulfill the conditions precedent. On 21 January 2008, the Company received Letter of Settlement from Tiara Senja Sdn Bhd. On 14 March 2008, the Writ of Summons was filed and served on Alcovest Connection Sdn Bhd and Orionsun Gains Sdn Bhd. The RM5.8 million paid has been fully provided as doubtful debts in 2007.

- A claim by the Konsortium and two individuals (“**the Plaintiffs**”) was filed against the Company, Zecon Bhd. and a director of the Company for breach of fiduciary duties, breach of confidential information and for committing tort of conspiracy, whereby causing injury to the Plaintiffs. The Plaintiffs claimed that certain contract works relating to the Privatisation project in Negeri Sembilan has been obtained by Zecon Bhd via Zecon Bhd’s access to confidential information obtained from the Company in view of a director’s relationship with Zecon Bhd and intended acquisition of Eurologic Sdn. Bhd as mentioned above. The directors are of the opinion that no provision is required as the Company is not directly a party to the claim.

**28. Dividend payable**

No interim ordinary dividend has been declared for the financial period ended 30 June 2011 (30 June 2010: Nil).

**29. Basic (loss)/ profit per share**

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2011</b>	<b>30.06.2010</b>	<b>30.06.2011</b>	<b>30.06.2010</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
(Loss) /Profit attributable to ordinary equity holders of the Company	<u>(283)</u>	<u>(488)</u>	<u>964</u>	<u>(439)</u>

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2011</b>	<b>30.06.2010</b>	<b>30.06.2011</b>	<b>30.06.2010</b>
Weighted average number of ordinary shares in issue	73,582,500	73,577,500	73,582,500	73,577,500

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**NOTES (cont'd)**

**29. Basic (loss)/ profit per share (cont'd)**

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2011</b>	<b>30.06.2010</b>	<b>30.06.2011</b>	<b>30.06.2010</b>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Basic and diluted (loss)/ profit per share for (loss)/ profit for the period	<u>(0.38)</u>	<u>(0.66)</u>	<u>1.31</u>	<u>(0.60)</u>

**30. 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 08 August 2011.