

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31 December 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	11,208	-	336	-	11,544
Less: Inter-segment sales	(151)	-	-	-	(151)
External revenue	<u>11,057</u>	<u>-</u>	<u>336</u>	<u>-</u>	<u>11,393</u>
<b>Segment Results</b>					
Results	(162)	(50)	(125)	(2)	(339)
Finance costs	(468)	-	-	-	(468)
Share of results of an associate					<u>(1)</u>
Loss before tax					(808)
Income tax expense					<u>47</u>
Loss after tax					<u>(761)</u>
<b>Other information</b>					
Interest income	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</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	12,208	-	1,228	-	13,436
Less: Inter-segment sales	(505)	-	-	-	(505)
External revenue	<u>11,703</u>	<u>-</u>	<u>1,228</u>	<u>-</u>	<u>12,931</u>
<b>Segment Results</b>					
Results	1,505	(15)	403	(2)	1,891
Finance costs	(330)	-	-	-	(330)
Share of results of an associate					(1)
Loss before tax					1,560
Income tax expense					(140)
Loss after tax					<u>1,420</u>
<b>Other information</b>					
Interest income	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>

**Results for the 12 months ended 31 December 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	44,078	-	1,337	-	45,415
Less: Inter-segment sales	(492)	-	-	-	(492)
External revenue	<u>43,586</u>	<u>-</u>	<u>1,337</u>	<u>-</u>	<u>44,923</u>

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## NOTES (cont'd)

## 4. Segmental information (cont'd)

**Results for the 12 months ended 31 December 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	1,385	(78)	114	(4)	1,417
Finance costs	(1,274)	-	-	-	(1,274)
Share of results of an associate					(1)
Profit before tax					142
Income tax expense					(29)
Profit after tax					113
<b>Other information</b>					
Interest income	100	-	-	-	100

**Results for the 12 months ended 31 December 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	42,518	-	3,449	-	45,967
Less: Inter-segment sales	(1,996)	-	-	-	(1,996)
External revenue	40,522	-	3,449	-	43,971
<b>Segment Results</b>					
Results	1,809	(48)	444	(4)	2,201
Finance costs	(1,235)	-	-	-	(1,235)
Share of results of an associate					(1)
Loss before tax					965
Income tax expense					(140)
Loss after tax					825
<b>Other information</b>					
Interest income	12	-	-	-	12

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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 year ended 31<sup>st</sup> December 2011 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 year ended 31 December 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 31.12.2011 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	(15)	(14)
	<u>2,985</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 31.12.2011 %</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 31.12.2011 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	843	92
Approved but not contracted for	-	-
	<u>843</u>	<u>92</u>
	=====	=====

**14. Contingent liabilities – Unsecured**

	<b>As At 31.12.2011 RM'000</b>	<b>As At 31.12.2010 RM'000</b>
Corporate guarantee given to bank for credit facilities granted to a subsidiary	18,000	25,000
	=====	=====

**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 registered a lower revenue of RM11.4 million for the current quarter under review, compared to revenue of RM12.9 million generated in the same quarter last year attributed to lower revenue from the construction division as most of the major construction projects were completed in the last quarter of last year. Sales from the manufacturing division remained fairly consistent to the corresponding quarter last year. In this quarter under review, the Group reported a loss before tax of RM808,000, as compared to profit before tax of RM1.5 million registered in the corresponding quarter last year mainly due to lower contribution margin from the manufacturing division as compared to last year mainly driven by higher operating costs arising from higher labour costs and maintenance costs.

On a year-to-date basis, the Group reported revenue of RM44.9 mil for the financial year ended 31<sup>st</sup> December 2011, as compared to RM43.9 mil for last year, representing an increase of 2%. The Group achieved a profit after tax of RM113,000 as compared to RM825,000 of profit after tax in the previous year. The Group's earnings continued to be driven by the manufacturing division followed by the construction division. The manufacturing division being the key driver and largest contributor to the Group's profitability, achieve a lower profit this year compared to prior year primarily due to increase in transportation charges. Lower profit was also due to extraordinary charge off of impairment losses on inventories, plant & machineries and trade receivables totaling to RM532,000 during the year.

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**NOTES (cont'd)**

**16. Performance review (cont'd)**

The Construction division revenue has shown a decrease of 61% or RM2.1 mil due to lower project revenue recognized compared to last year as most of the major construction projects were completed last year. There was no contribution from the Properties division as the Group's associate in the property development industry, namely Influx Meridian Sdn. Bhd. has yet to commence its development works. The net assets of the Group as at 31<sup>st</sup> December 2011 stood at RM54.5 mil which translates to RM0.74 net assets value per share.

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

The Group registered a net loss of RM761,000 from a revenue of RM11.4 mil for the current quarter as compared to a net loss of RM90,000 from a revenue of RM11.4 mil in the preceding quarter. Despite reporting the same amount of revenue, a higher loss was posted in the current quarter compared to the preceding quarter mainly due to extraordinary charge off of impairment losses on trade receivables, plant & machineries and inventories arising from the manufacturing division totaling to RM532,000.

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

The Malaysian economy is expected to experience a moderate growth rate in 2012 being affected by the global recession and the continued fragility in the United States and Europe. However, the Group shall continue to focus on its core business namely the manufacturing division by leveraging its strong brand name and competitive position to actively seek for more projects. The Board of Directors expects the Group to benefit from its leadership position in pre-cast concrete products and Industrialised Building System components in Sarawak with the rolling out of major projects under the 10<sup>th</sup> Malaysia Plan and Sarawak Corridor Of Renewable Energy. The order book of the Group remains healthy despite slowdown in the construction and property industry. Whilst, volatility of raw material prices and increasing in labour and variable costs are expected to impact the Group's profitability and the Group financial performance for next year continues to remain favourable and positive barring any unforeseen circumstances.

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

Not applicable

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

Not applicable

**20. Income tax expense**

	3 months ended		12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Current tax	(47)	140	13	140
Underprovision of tax in prior year	-	-	16	-
	(47)	140	29	140
Deferred tax	-	-	-	-
Total income tax expense	(47)	140	29	140

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**NOTES (cont'd)**

**21. Corporate Proposals**

*Status of corporate proposal announced*

The Internal Group Rationalisation exercise has been completed including the legal transfer of the land and buildings .

**22. Borrowings**

	<b>As at 31.12.2011 RM'000</b>	<b>As at 31.12.2010 RM'000</b>
<b>Short term borrowings</b>		
Secured	3,496	3,253
Unsecured	-	-
	<u>3,496</u>	<u>3,253</u>
<b>Long term borrowings</b>		
Secured	9,253	12,604
	<u>12,749</u>	<u>15,857</u>

All of the above borrowings are denominated in Ringgit Malaysia.

**23. Derivatives financial instruments**

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

**24. 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.



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**24. Material litigation (cont'd)**

- 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.

**25. Dividend payable**

No interim ordinary dividend has been declared for the financial year ended 31 December 2011 (31 December 2010: Nil).

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

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2011</b>	<b>31.12.2010</b>	<b>31.12.2011</b>	<b>31.12.2010</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>(761)</u>	<u>1,420</u>	<u>113</u>	<u>825</u>

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2011</b>	<b>31.12.2010</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Weighted average number of ordinary shares in issue	73,582,500	73,582,500	73,582,500	73,582,500

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2011</b>	<b>31.12.2010</b>	<b>31.12.2011</b>	<b>31.12.2010</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>(1.03)</u>	<u>1.93</u>	<u>0.15</u>	<u>1.12</u>

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**NOTES (cont'd)**

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

	As at 31.12.2011 RM'000	As at 31.12.2010 RM'000
Total accumulated losses		
- Realised	26,208	26,295
- Unrealised	-	-
	<u>26,208</u>	<u>26,295</u>
Total share of loss of an associate		
- Realised	15	14
- Unrealised	-	-
	<u>15</u>	<u>14</u>
Total losses before consolidation adjustments	26,223	26,309
Consolidation adjustments	1,621	1,648
Total Group accumulated losses as per consolidated accounts	<u>27,844</u>	<u>27,957</u>

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No. 1, Determination of Realised and unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

28. **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 27 February 2012.