

Notes to the quarterly report on consolidated results for the financial quarter ended June 30, 2002

1. **ACCOUNTING POLICIES**

The quarterly financial statement have been prepared based on accounting policies and methods of computation consistent with those adopted in the most recent annual financial statement and complies with approved accounting standard issued and adopted by Malaysian Accounting Standard Boards.

2. **EXCEPTIONAL ITEM**

There was no exceptional item in the quarterly financial statement under review.

3. **EXTRAORDINARY ITEM**

There was no extraordinary item in the quarterly financial statement under review.

4. **TAXATION**

The tax figure does not contain any deferred tax and/or adjustment for under or over provisions in respect of prior years.

5. **PROFITS ON SALE OF UNQUOTED INVESTMENTS/PROPERTIES**

There was a profit on sale of investment of RM472,955.28 arising from the disposal of 6,200,000 ordinary shares of RM1.00 each in Perlis Concrete Products Sdn Bhd.

6. **PURCHASE/DISPOSAL OF QUOTED SECURITIES**

The Group does not hold any quoted securities.

7. **CHANGES IN THE COMPOSITION OF COMPANY**

On February 27, 2002, the Company disposed of 6,200,000 ordinary shares of RM1 each representing 37.12% of equity interest in Perlis Concrete Products Sdn Bhd for a cash consideration of RM1 and the said company ceased to be a subsidiary company and became an associated company to the company.

Save as disclosed above, there were no changes in the composition of the company for the current financial year to date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

8. **STATUS OF CORPORATE PROPOSAL**

There are no corporate proposals that have been announced but not completed as at August 26, 2002, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

9. **DEBT AND EQUITY SECURITIES**

There were no issuance and repayment of debt securities, share buy backs, share cancellations, share held as treasury shares and resale of treasury shares during the financial period to date.

10. **GROUP BORROWINGS**

Group borrowings as at June 30, 2002 are as follows:

Short Term Borrowings	RM'000
Bankers Acceptance – secured	5,264
- unsecured	2,000
Revolving Credits – secured	2,000
- unsecured	10,286
Bank Overdrafts – secured	8,854
- unsecured	1,006
Term Loan – secured	11,180
- unsecured	1,689
Sub-total	42,279

Long Term Borrowings	RM'000
Term Loan – secured	3,673
- unsecured	2,079
Sub-total	5,752

11. **CONTINGENT LIABILITIES**

As at the date of issue of this quarterly report the Company is contingently liable to the extent of RM67.01 million in respect of corporate guarantees given to certain local finance companies, local licensed banks and third parties for hire-purchase, banking facilities and credit facilities granted to its subsidiary companies.

12. **OFF BALANCE SHEET RISK**

There is no financial instrument with off balance sheet risk as at the date of issue of this quarterly report.

13. **MATERIAL LITIGATIONS**

There is no pending material litigation as at the date of issue of this quarterly report.

14. **SEGMENTAL REPORTING**

Segment Information by activity

June 30, 2002	Revenue	Profit/ (Loss) Before Taxation	Total Assets Employed
	RM	RM	RM
Manufacturing and Trading Division	8,518,592	(1,214,203)	47,897,336
Properties Development & Construction Division	8,614,470	2,346,189	78,733,470
Subcontracting Division	341,700	(45,629)	3,901,241
	<u>17,474,762</u>	<u>1,086,357</u>	<u>130,532,047</u>

15. **QUARTERLY ANALYSIS**

The group recorded profits before taxation of approximately RM 56,366 for the second quarter ended 30/6/2002. This is a reduction of about 94.5% as compared to the last quarter. This is due to the lesser progress claims from the property development division as compared to the last quarter.

16. **REVIEW OF PERFORMANCE**

Turnover for the 6 months ended 30 June 2002 reduced by approximately 30.8% to RM 17.48 million as compared to the previous corresponding period. The property and construction division recorded a decrease of 22.7% to about RM 8.96 million while the manufacturing and trading division recorded a decrease of approximately 37.7% to about RM 8.5million. The decrease in the property & construction division is due mainly to a reduction in the construction jobs while the decrease in the manufacturing sector is due to the part disposal of a subsidiary company. The profits before taxation however, improved to RM 1 million as compared to a loss of RM 2.2 million in the previous corresponding period. This is due partly to the better performance in the property development sector and also partly to the part disposal of a loss making subsidiary company.

17. **SUBSEQUENT EVENTS**

There are no material events subsequent to the end of the financial period ended August 26, 2002 that have not been reflected in the financial statement for the said period made up to the date of issue of this report.

18. **SEASONALITY OR CYCLICALITY FACTORS**

Seasonal or cyclical factors do not have any material impact on the Group's business operations.

19. **CURRENT YEAR PROSPECTS**

The property development division will continue to develop Phase 3 of Bandar Machang Bubok project. Turnover is expected to increase on the back of the improving economy of the country. This division is expected to complete 253 units of single storey terrace houses in the current year. The construction works for another 163 units of double storey terrace houses has reach 35% as at 30 June 2002 and is expected to be completed by next year. The group has also obtained letters of intent from the Ministry of Education awarding to TF Land Sdn Bhd. the construction works for 2 schools based on the "design and build" concept which is expected to commence work in the fourth quarter of the year.

The manufacturing and trading of building materials division is expected to remain slow in the immediate term. More efforts will be taken review and restructure the current operations to enhance and improve on the competitiveness of this division. The group expects industry growth to improve in tandem with the improving economy of the country.

20. **VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

Not Applicable

21. **DIVIDEND**

No decision regarding dividend has been made.

22. **EARNINGS PER SHARE (“EPS”)**

Basic Earnings Per Share

The basic EPS for the current quarter ended June 30, 2002 has been calculated on the Group’s profit after taxation and minority interests for the current quarter of RM36,298(30.6.2001 : - RM925,312) on the weighted average number of share issue of 52,728,000 (30.6.2001 : 52,728,000).

The basic EPS for the current financial period has been calculated on the Group’s profit after taxation and minority interests of RM1,045,343 (30.6..2001: -RM1,958,993)on the weighted average number of shares in issue of 52,728,000 (30.6.2001 : 52,728,000)

Diluted Earnings Per Share

The diluted EPS for the current quarter has been calculated based on the Group’s profit after taxation and minority interests for the current quarter of RM36,298 on the adjusted weighted average number of ordinary shares issued and issuable of 78,672,000 during the period. The adjusted weighted average number of ordinary shares issued and issuable has been arrived at based on the assumption that all the Warrants and ESOS are exercised on January 1, 2002.

The diluted EPS for the current financial period has been calculated based on the Group’s profit after taxation and minority interests for the current financial period of RM1,045,343 on the adjusted weighted average number of ordinary shares issued and issuable of 78,672,000 during the period. The adjusted weighted average number of ordinary shares issued and issuable has been arrived at based on the assumption that all the Warrants and ESOS are exercised on January 1, 2002.

BY ORDER OF THE BOARD

LAM VOON KEAN
COMPANY SECRETARY

August 28, 2002