QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2006. THE FIGURES HAVE NOT BEEN AUDITED.

NOTES TO ACCOUNTS

1. Accounting policies and methods of computation

The interim financial statements have been prepared in accordance with FRS 134: Interim Financial Reporting and Chapter 9 part K paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the audited financial statements for the year ended 31 December 2005 except for the adoption of the new and revised Financial Reporting Standards ("FRS") mentioned on Note 2.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005.

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 2005 except for the adoption of the following new/revised FRSs effective for the financial period beginning of 1 January 2006:

FRS	2	Share-based Payment
FRS	3	Business Combinations
FRS	5	Non-Current Assets Held for Sale and Discontinued Operations
FRS	101	Presentation of Financial Statements
FRS	102	Inventories
FRS	108	Accounting Policies, Changes in Estimates and Errors
FRS	110	Events after the Balance Sheet Date
FRS	116	Property, Plant and Equipment
FRS	121	The Effects of Changes in Foreign Exchange Rates
FRS	127	Consolidated and Separate Financial Statements
FRS	128	Investments in Associates
FRS	131	Interest in Joint Ventures
FRS	132	Financial Instruments: Disclosure and Presentation
FRS	133	Earnings Per Share
FRS	136	Impairment of Assets
FRS	138	Intangible Assets
FRS	140	Investment Property

In addition to the above, the Group has also taken the option of early adoption of the following new/revised FRSs for the financial period beginning of 1 January 2006:

FRS	117	Leases
FRS	124	Related Party Disclosures
FRS	139	Financial Instruments: Recognition and Measurement

The adoption of FRS 2, 102, 108, 110, 116, 121, 124, 127, 128, 131, 132, 133, 138, 139 and 140 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

a) FRS 3: Business combinations and FRS 136: Impairment of Assets

The new FRS 3 has resulted in consequential amendments to the other accounting standards, FRS 136.

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in the profit or loss account and subsequent reversal is not allowed. Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 25 years. This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006. The transitional provisions of FRS 3, however, have required the Group to eliminate on 1 January 2006 the carrying amount of the accumulated amortisation of RM7,076,000 against carrying amount of goodwill. The carrying amount of goodwill as at 1 January 2006 of RM15,085,000 ceased to be amortised. This has the effect of reducing the amortisation charges by RM222,000 in the current financial quarter.

b) FRS 5: Non-current Assets Held for Sale and Discontinued Operations

The Group's application of FRS 5 has resulted in a prospective change in accounting policy relating to the classification of non-current assets held for sale. The non-current assets (or disposal group) shall be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Then, on initial recognition, it is measured at the lower of its carrying amount and fair value less costs to sell. The non-current assets are not to be depreciated (or amortised) while it is classified as held for sale.

Upon adoption of FRS 5, the Group has reclassified a non-current asset and wrote down the net book value of the classified non-current asset. The write down amounting to approximately RM3.3 million is recognised in the current financial quarter.

c) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, investment properties, prepaid lease payments and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statement is based on the revised requirement of FRS 101, with the comparatives restated to conform to the current period's presentation as disclosed in Note 3.

d) FRS 117: Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Prior to 1 January 2006, leasehold land was classified as property, plant and equipment and was stated at valuation less accumulated amortisation.

Upon the adoption of the revised FRS 117 at 1 January 2006, the unamortized revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payment as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payment has been accounted for retrospectively and as disclosed in Note 3, certain comparative amounts as at 31 December 2005 have been restated.

3. Comparatives

The following comparative amounts have been restated due to the adoption of the revised FRS:

	Previously stated RM'000	Adjustment FRS 117 (Note 2 (c)) RM'000	Restated RM'000
As 31 December 2005			
Property, plant and equipment	52,465	(11,024)	41,441
Prepaid lease payments	-	11,024	11,024

4. Qualification of audit report of the preceding annual financial statements

The auditors have expressed a modified opinion with emphasis on the going concern in the audit report of the preceding annual financial statements.

5. Seasonality or cyclicality of interim operations

The turnover in the first quarter of the year is always lower than the preceding quarter.

6. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flow that is unusual because of their nature, size, and incidence

There were no items affecting assets, liabilities, equity, net income, or cash flow that were unusual because of their nature, size and incidence, except for the write down of the remaining Research and Development cost and the net book value of fixed assets of a subsidiary as disclosed in Note 17.

7. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years, which have a material effect in the current financial quarter.

8. Issuances, cancellations, repurchases, resale and repayments of debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the current financial year-to-date.

9. Dividends

There was no dividend paid during the current financial quarter.

10. Segmental Reporting

The Group’s segmental report for the financial year-to-date is as follows:-

By Business Segment	**Three months ended 31 March 2006**			
	Investment holding RM’000	Manufacturing RM’000	Trade, services and others RM’000	Total RM’000
Segment revenue				
Revenue – External	40	18,681	39	18,760
Segmental results				
Segment results	(4,028)	150	(9,632)	(10,656)
Interest expense	(801)	(701)	(92)	(1,594)
Amortisation of goodwill				-
Loss before taxation				(12,250)

Three months ended 31 March 2005

	Investment holding RM'000	Manufacturing RM'000	Trade, services and others RM'000	Total RM'000
Segment revenue				
Revenue – External	-	17,873	61	17,934
Segmental results				
Segment results	(660)	(333)	(1,116)	(2,109)
Interest expense	(801)	(756)	(136)	(1,693)
Amortisation of goodwill				(222)
Loss before taxation				(4,024)

All inter-segment transactions were entered into in the normal course of business and have been established under normal commercial terms that are no less favourable than those arranged with independent parties.

11. Valuations of property, plant and equipment

The valuations of property, plant and equipment were brought forward without any amendments from the previous annual financial statements.

12. Material events not reflected in the financial statements

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

13. Changes in the composition of the Group

There were no changes in the composition of the Group during the interim period under reporting.

14. Changes in contingent liabilities and contingent assets

The Company is contingently liable for corporate guarantees against bank credit facilities granted to the Group and a former subsidiary. There were no changes in the contingent liabilities and contingent assets since the last annual balance sheet except the amount of contingent liabilities vary in accordance to the amount outstanding on the bank credit facilities.

15. Commitments for purchase of property, plant, and equipment

There are no material commitments for purchase of property, plant and equipment during the current financial quarter.

16. Related party transaction

There were no material related party transactions entered into during the current financial quarter except as disclosed below:

a) Paracorp Berhad entered into a rental agreement with a company related to a major shareholder amounting to approximately RM109,000 during the current financial quarter. This transaction was entered into on normal commercial terms and is no less favourable if entered into with a third party.

b) Paracorp Berhad entered into a rental agreement to sub-let part of its office building to a company related to a major shareholder amounting to approximately RM40,000 during the current financial quarter. This transaction was entered into on normal commercial terms and is no less favourable if entered into with a third party.

17. Review of performance

Turnover for the current quarter and financial year to date compared to the preceding year corresponding quarter and financial year to date increased by RM0.83 million. The increase is mainly due to increase in orders from the electronics sector.

Loss from operations for the current quarter and financial year to date increased by RM8.33 million as compared to the preceding year corresponding quarter and preceding financial year to date. The Group reported a higher loss due to (i) the write down of the remaining Research and Development cost and the net book value of fixed assets of a subsidiary amounting to approximately RM5.84 million and (ii) provision made on non-current assets held for sale amounting to approximately RM3.26 million.

18. Material changes in profit before taxation for the current quarter as compared with immediate preceding quarter

Turnover for the current quarter is slightly lower as compared to the immediate preceding quarter due to the seasonality nature of the Group's businesses.

The Group's results from operations is lower compared to the immediate preceding quarter due to a lower revenue.

19. Prospects for the Year 2006

The Group will continue its search for new businesses and solutions to improve its financial position.

20. Profit forecast

No commentary is made on any variance between actual profits from forecast profit, as it does not apply to the Group.

21. Taxation

	Current quarter RM'000	Cumulative quarter RM'000
Current year provision	(75)	(75)
Over provision in prior year	-	-
Deferred taxation	8	8
Total	(67)	(67)

Although the operations of the Group resulted in a loss, provision for taxation has been made for profitable subsidiaries due to non-availability of group tax relief.

22. Sale of unquoted investments and/or properties

There was no sale of unquoted investments and/or properties for the current financial quarter and financial year-to-date.

23. Quoted securities

(a) There was no purchase or sale of quoted securities for the current financial quarter and financial year-to-date.

(b) Particulars of investment in quoted shares as at 31 March 2006 are as follows:-

	RM'000
At cost	189
At net book value	187
At market value	150

24. Corporate proposal

There are no new corporate proposals or uncompleted corporate proposals.

25. Group's borrowings as at 31 March 2006 were as follows:

	RM'Million
Secured	
Short term borrowings	66.0
Long term borrowings	5.0

26. Off balance sheet financial instruments

There are no off balance sheet financial instruments as at the date of this report.

27. Changes in material litigation

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

28. Dividend

The Company did not propose any dividend during the financial quarter.

29. Earning per share

Basic earnings per share

The calculation of basic earnings per share is based on the net loss attributable to ordinary shareholders of RM12,330,000 and the number of ordinary shares during the quarter of 133,101,002.

Diluted earnings per share

No diluted earnings per share is disclosed due to anti-dilutive effect of share options and warrants.