

THE AYER HITAM PLANTING SYNDICATE BERHAD (37-K)

NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with Malaysian Accounting Standard Board's, Financial Reporting Standards (FRS) 134 (previously named as MASB 26)- Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (Bursa Malaysia). The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 March 2005.

The accounting policies applied and methods of computation used are consistent with those applied in the financial statements for the year ended 31 March 2005.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 March 2005 was not qualified.

A3. Property, Plant and Equipment

The valuations of land and buildings have been brought forward, without amendment from previous audited annual financial statements.

A4. Changes in the Composition of the Group

There were no changes in the composition of the Group including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations during the current quarter.

A5. Dividend paid

There were no dividends paid in the current financial year-to-date.

A6. Seasonal or Cyclical Factors

Apart from the plantation segment which is influenced by general climatic conditions, age profile of oil palms and the cyclical nature of annual production, there is no other significant seasonal factor that materially affected the Group's overall operations.

A7. Unusual items affecting assets, liabilities, equity, net income, or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows.

A8. Changes in estimates

There were no material changes in estimates of amounts used in prior interim periods of the current Financial year or changes of estimates of amounts reported in prior financial years.

A9. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy backs, share cancellations, share held as treasury share or resale of treasury shares during the financial year.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

A10. Segmental Information

Segment information is presented in respect of the Group's business segment for the period ended 30 September 2005.

*6 months ended
30 September 2005*

	Construction RM'000	Property Development RM'000	Plantation RM'000	Consolidated RM'000
Segment Revenue				
Revenue from external Customers	4,653	1,258	1,174	7,085
Unallocated revenue				69
Total revenue				<u>7,154</u>
Segment Results				
Segment results	(2,571)	393	599	(1,579)
Unallocated income				2,106
Unallocated expenses				(1,631)
Profit from operations				<u>(1,104)</u>
Share of profit in Jointly controlled entity	-	9,259	-	9,259
Taxation				(2,996)
Net profit after taxation				<u>5,159</u>

*6 months ended
30 September 2004*

	Construction RM'000	Property Development RM'000	Plantation RM'000	Consolidated RM'000
Segment Revenue				
Revenue from external Customers	12,308	115	1,222	13,645
Unallocated revenue				168
Total revenue				<u>13,813</u>
Segment Results				
Segment results	384	(279)	617	722
Unallocated income				3,291
Unallocated expenses				(2,909)
Profit from operations				<u>1,104</u>
Share of profit in Jointly controlled entity	-	9,885	-	9,885
Taxation				(3,582)
Net profit after taxation				<u>7,407</u>

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NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

A11. Material Events Subsequent to the End of the Interim Period

There were no material subsequent events arisen to the end of the interim period.

A12. Changes in Contingent Liabilities

A wholly own subsidiary of the Group has pledged a fixed deposit of RM1,200,000 as security for the issuance of performance bonds by a bank for purposes of tendering for contract jobs by the construction subsidiary, Cendana Maju Construction Sdn. Bhd..

A13. Significant Related Party Transactions

The significant related party transaction for the Group for the financial year-to-date is as below: -

Related Party	Progress billing Certified RM'000
Rendering of construction services to a jointly controlled entity - Bukit Hitam Development Sdn. Bhd.	11,209

The transaction has been entered into in the normal course of business and has been established on commercial terms.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS

B1. Review of Performance

The Group's profit before taxation for the second quarter and the six months ended 30 September 2005 have decreased by 57.8% and 25.7% respectively, as compared to the preceding year corresponding period mainly due to lower profit contribution from jointly controlled entity and subsidiary involved in construction business.

B2. Variation of results against preceding quarter

For the quarter under review, the Group recorded a profit before tax of RM2.8 million compared to RM5.3 million in the previous quarter, the decrease was mainly due to a specific provision for doubtful debts of RM2.2 million and the operating pre-tax loss of RM0.3 million in Cendana Maju Construction Sdn. Bhd..

B3. Current year prospects

The performance of the Group's main profits contributor - joint venture company, is expected to be fair and the outlook for the plantation industry is stable. Barring any unforeseen circumstances, the Group's performance for the current year ending 31 March 2006 is expected to be comparable to that of the previous year.

B4. Profit forecast and profit guarantee

As there was no profit forecast announced earlier, the comparison of results is not applicable.

B5. Tax expenses

The breakdown of tax charge for the quarter and financial year-to-date are as follows :-

	Current Quarter RM'000	Year To-Date RM'000
Malaysian:		
Current tax expense/(income) :		
- current quarter/year	240	404
Share of jointly controlled entity's tax:		
- current quarter/year	1,273	2,592
	<u>1,513</u>	<u>2,996</u>

The effective tax rate for the quarter is higher than the statutory tax rate mainly due to certain expenses which are not deductible for taxation purposes coupled with the absence of Group relief for losses suffered by certain subsidiary companies.

B6. Unquoted investments and properties

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

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS (CONTINUED)

B7. Quoted investments

- (a) There were no purchase or sale of quoted securities for the current quarter and financial year-to-date.
- (b) Investments in quoted securities as at 30 September 2005 :-

	Quoted Shares in Malaysia (RM'000)	Quoted loan stock outside Malaysia (RM'000)
Total investment at cost	106	7
Total investment at carrying value/book value	106	7
Total investment at market value	2,337	13

B8. Status of corporate proposal announced

- (i) On 1 July 2005, the Company announced to Bursa Malaysia Securities Berhad, that it has accepted an offer by Perbadanan Kemajuan Negeri Selangor (PKNS) who has in principle agreed to sell 20,000,001 shares or 50% in Bukit Hitam Development Sdn. Bhd. for cash at RM5.20 per share or about RM104 million.
- (ii) Further to the above, on 6 September 2005, the Company has entered into a conditional Sale and Purchase agreement with PKNS. The above acquisition is subject to shareholders' approvals. An Extraordinary General Meeting has been scheduled for 5 December 2005 to seek approvals from shareholders.

B9. Borrowing and debts securities

There were no other borrowings and debt securities as at 30 September 2005, apart from the outstanding bank overdraft of RM240,000 in Cendana Maju Construction Sdn. Bhd..

B10. Off balance sheet financial instruments

There were no financial instruments with off-balance sheet risk.

B11. Changes in material litigation

There was no material litigation at the date of issue of this quarterly report.

B12. Dividends

The Board of Directors did not recommend any dividend for the quarter ended 30 September 2005.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS (CONTINUED)

B13. Basic earnings per share

Basic earnings per share for the reporting quarter and the year-to-date is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	Current Quarter & Year-to-date RM'000
Net profit for the period	5,159
Weighted average number of ordinary shares in issue	74,853
Basic earnings per share (sen)	6.89

By Order of the Board

Geoffery Chang Tze Weng (LS 008002)
Tham Wai Ying (MAICSA No. 7016123)
Secretaries

Petaling Jaya
Selangor
28 November 2005