

KUALA LUMPUR KEPONG BERHAD
(15043-V)
(Incorporated in Malaysia)

Condensed Consolidated Income Statement
For the third quarter ended 30 June 2006

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Revenue	1,008,744	927,237	2,879,215	2,893,615
Operating expenses	(871,351)	(827,292)	(2,508,027)	(2,508,227)
Other operating income	10,717	24,620	85,066	31,934
Operating profit	148,110	124,565	456,254	417,322
Finance cost	(4,433)	(1,883)	(9,124)	(5,103)
Share of results of associated companies	5,414	5,302	20,588	22,951
Profit before taxation	149,091	127,984	467,718	435,170
Tax expense	(40,516)	(34,665)	(111,347)	(116,456)
Profit after taxation	108,575	93,319	356,371	318,714
Minority interests	(729)	(1,728)	(2,656)	(3,030)
Net profit for the period	<u>107,846</u>	<u>91,591</u>	<u>353,715</u>	<u>315,684</u>
	Sen	Sen	Sen	Sen
Earnings per share - Basic	<u>15.19</u>	<u>12.90</u>	<u>49.82</u>	<u>44.46</u>
- Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

N/A - Not applicable

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 30 September 2005.

KUALA LUMPUR KEPONG BERHAD
(15043-V)
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Condensed Consolidated Balance Sheet
As at 30 June 2006

(The figures have not been audited.)

	<u>30 June</u> 2006	<u>30 September</u> 2005
	RM'000	RM'000
		(Restated)
Property, plant and equipment	2,767,101	2,487,297
Land held for property development	194,337	194,839
Associated companies	138,114	135,803
Other investments	445,828	466,766
Deferred tax assets	8,415	8,664
Intangible assets	23,090	17,661
Goodwill on consolidation	120,903	60,369
	<u>3,697,788</u>	<u>3,371,399</u>
Current assets		
Inventories	663,218	614,152
Trade and other receivables	614,616	550,558
Property development costs	25,350	25,950
Cash and cash equivalents	514,438	644,754
	<u>1,817,622</u>	<u>1,835,414</u>
Current liabilities		
Trade and other payables	348,078	335,625
Borrowings	203,056	183,387
Finance leases	127	159
Taxation	18,576	22,810
Dividend payable	51,118	-
	<u>620,955</u>	<u>541,981</u>
Net current assets	<u>1,196,667</u>	<u>1,293,433</u>
	<u>4,894,455</u>	<u>4,664,832</u>
Share capital	712,516	712,516
Reserves	3,700,449	3,548,770
	<u>4,412,965</u>	<u>4,261,286</u>
Less: Cost of treasury shares	(13,447)	(13,447)
Shareholders' equity	<u>4,399,518</u>	<u>4,247,839</u>
Minority interests	166,536	145,965
Long term and deferred liabilities		
Deferred tax liabilities	183,110	159,442
Provision for retirement benefits	42,309	41,878
Borrowings	102,969	69,648
Finance leases	13	60
	<u>328,401</u>	<u>271,028</u>
	<u>4,894,455</u>	<u>4,664,832</u>
Net assets per share (RM)	6.20	5.98
Net tangible assets per share (RM)	5.99	5.87

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30 September 2005.

KUALA LUMPUR KEPONG BERHAD
(15043-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity
For the third quarter ended 30 June 2006

(The figures have not been audited.)

	Share capital	Capital reserve	Revaluation reserve	Capital redemption reserve	Exchange fluctuation reserve	General reserve	Revenue reserve	Treasury shares	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2005 as previously stated	712,516	1,217,892	48,231	26,517	46,558	14,337	2,173,863	(13,447)	4,226,467
Effect of adopting FRS 121	-	-	-	-	105,373	-	(84,001)	-	21,372
As restated	712,516	1,217,892	48,231	26,517	151,931	14,337	2,089,862	(13,447)	4,247,839
Net (loss)/gain not recognised in the income statement	-	(423)	-	-	23,213	-	94	-	22,884
Net profit for the period	-	-	-	-	-	-	353,715	-	353,715
Dividends paid	-	-	-	-	-	-	(173,802)	-	(173,802)
Dividend payable	-	-	-	-	-	-	(51,118)	-	(51,118)
At 30 June 2006	<u>712,516</u>	<u>1,217,469</u>	<u>48,231</u>	<u>26,517</u>	<u>175,144</u>	<u>14,337</u>	<u>2,218,751</u>	<u>(13,447)</u>	<u>4,399,518</u>
At 1 October 2004 as previously stated	712,516	1,195,172	49,745	14,867	96,357	14,337	1,952,115	(13,447)	4,021,662
Effect of adopting FRS 121	-	-	-	-	113,407	-	(89,231)	-	24,176
As restated	712,516	1,195,172	49,745	14,867	209,764	14,337	1,862,884	(13,447)	4,045,838
Net (loss)/gain not recognised in the income statement	-	(13)	-	-	(16,871)	-	2,568	-	(14,316)
Net profit for the period	-	-	-	-	-	-	315,684	-	315,684
Dividends paid	-	-	-	-	-	-	(122,684)	-	(122,684)
Dividend payable	-	-	-	-	-	-	(42,599)	-	(42,599)
Transfer from revenue reserve to capital reserve	-	22,088	-	-	-	-	(22,088)	-	-
Transfer to revenue reserve on disposal of shares in an associated company	-	(7,078)	(1,514)	-	(6,728)	-	15,320	-	-
At 30 June 2005	<u>712,516</u>	<u>1,210,169</u>	<u>48,231</u>	<u>14,867</u>	<u>186,165</u>	<u>14,337</u>	<u>2,009,085</u>	<u>(13,447)</u>	<u>4,181,923</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2005.

KUALA LUMPUR KEPONG BERHAD
(15043-V)
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Condensed Consolidated Cash Flow Statement
For the third quarter ended 30 June 2006
(The figures have not been audited.)

	9 months ended	
	30 June	
	2006	2005
	RM'000	RM'000
Cash Flows from Operating Activities		(Restated)
Profit before taxation	467,718	435,170
Adjustment for non-cash flow :-		
Non-cash items	14,299	38,766
Non-operating items	(19,904)	(10,708)
Operating profit before working capital changes	<u>462,113</u>	<u>463,228</u>
Working capital changes :-		
Net change in current assets	(97,527)	(116,464)
Net change in current liabilities	(5,742)	(7,927)
Cash generated from operations	<u>358,844</u>	<u>338,837</u>
Interest paid	(9,029)	(5,494)
Tax paid	(99,158)	(85,681)
Retirement benefit paid	(2,482)	(1,948)
Net cash generated from operating activities	<u><u>248,175</u></u>	<u><u>245,714</u></u>
Cash Flow from Investing Activities		
Equity investments	(27,434)	29,792
Other investments	(186,420)	(187,104)
Net cash used in investing activities	<u><u>(213,854)</u></u>	<u><u>(157,312)</u></u>
Cash Flow from Financing Activities		
Bank borrowings	33,263	28,951
Dividends paid to shareholders of the Company	(173,802)	(122,684)
Dividends paid to minority shareholders	(4,939)	(4,290)
Issue of shares to minority shareholder	1,965	10,262
Return of capital to minority shareholders	(7,450)	-
Net cash used in financing activities	<u><u>(150,963)</u></u>	<u><u>(87,761)</u></u>
Net (decrease)/increase in cash and cash equivalents	(116,642)	641
Cash and cash equivalents at 1 October	<u>615,439</u>	<u>611,261</u>
	498,797	611,902
Foreign exchange difference on opening balance	574	(3,199)
Cash and cash equivalents at 30 June	<u><u>499,371</u></u>	<u><u>608,703</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30 September 2005.

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Notes to Interim Financial Report

A Explanatory Notes as required by FRS 134₂₀₀₄

A1. Accounting Policies

The interim financial report is unaudited and has been prepared in compliance with FRS 134₂₀₀₄ *Interim Financial Reporting*.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 30 September 2005 except for the early adoption of the revised FRS 121 *The Effects of Changes in Foreign Exchange Rates* whereby comparative figures have been restated to reflect the adoption of this standard.

Under the revised FRS 121, exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are to be recognized in profit or loss in the consolidated financial statements. Previously, such exchange differences were taken to equity.

This change in accounting policy, applied retrospectively, has the following impact on the results as follows :-

	9 months ended 30 June	
	2006 RM'000	2005 RM'000
Net profit before change in accounting policy	355,369	310,984
Effect of adopting FRS 121	(1,654)	4,700
Net profit for the period	353,715	315,684

The following comparative figures have been restated to reflect the adoption of FRS 121 :-

	9 months ended 30 June 2005		
	As previously stated RM'000	Effect of Change in Policy RM'000	As Restated RM'000
Condensed Consolidated Income Statement			
Operating expenses	2,514,165	(5,938)	2,508,227
Tax expense	115,218	1,238	116,456
	44,704	(5,938)	38,766
Condensed Consolidated Cash Flow Statement			
Non-cash items	44,704	(5,938)	38,766
	43.80	0.66	44.46
Earnings per share	43.80	0.66	44.46

	As at 30 September 2005		
	As	Effect of	As
	previously	Change in	Restated
	stated	Policy	
	RM'000	RM'000	RM'000
Condensed Consolidated Balance Sheet			
Reserves	3,527,398	21,372	3,548,770
Deferred tax liabilities	180,814	(21,372)	159,442
	RM	RM	RM
Net tangible assets per share	5.84	0.03	5.87

A2. Audit Report

The audit report for the financial year ended 30 September 2005 was not subject to any qualifications.

A3. Seasonal and Cyclical Factors

The Group's plantation operations are affected by seasonal crop production, weather conditions and fluctuating commodity prices. The business of its retailing sector is subject to seasonal sales.

A4. Unusual Items

There were no items affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

A5. Changes in Estimates

There were no significant changes in the amount of estimates reported in prior interim periods or prior financial years that have a material effect in the current interim period.

A6. Issuance or Repayment of Debts and Equity Securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellation, shares held as treasury shares or resale of treasury shares for the current financial year to-date.

A7. Dividends Paid

	9 months ended 30 June	
	2006	2005
	RM'000	RM'000
Final dividend		
2005 - 9 sen (2004 - 9 sen) per share less tax	46,007	46,007
Special dividend		
2005 - 25 sen (2004 - 15 sen) per share less tax	127,795	76,677
	<u>173,802</u>	<u>122,684</u>

A8. Segment Information

Segment information is presented in respect of the Group's business segments. Inter-segment pricing is determined based on current market prices.

	9 months ended 30 June			
	Revenue		Profit before tax	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Plantation	1,347,325	1,285,639	321,893	309,040
Manufacturing	895,938	1,062,201	17,327	56,911
Retailing	600,565	585,076	11,392	7,416
Property development	49,177	28,541	16,490	4,983
Investment holding	102,467	70,098	29,028	15,812
Others	26,985	19,442	1,368	(612)
	<u>3,022,457</u>	<u>3,050,997</u>	<u>397,498</u>	<u>393,550</u>
Inter-segment elimination	<u>(143,242)</u>	<u>(157,382)</u>	-	-
	<u>2,879,215</u>	<u>2,893,615</u>	<u>397,498</u>	<u>393,550</u>
Corporate			58,756	23,772
			<u>456,254</u>	<u>417,322</u>
Finance cost			(9,124)	(5,103)
Share of results of associated companies			20,588	22,951
			<u>467,718</u>	<u>435,170</u>

A9. Valuations of Property, Plant and Equipment

The valuations of land and plantation development have been brought forward without amendment from the previous financial statement.

A10. Events subsequent to Balance Sheet Date

In the interval between the end of the reporting period and the date of this report, no material events have arisen which have not been reflected in the interim financial statements.

A11. Changes in the Composition of the Group

(a) The Company, vide its wholly-owned subsidiary KL-Kepong Plantation Holdings Sdn Bhd ("KLKPH"), has on 12 June 2006 agreed to acquire 90% of the issued and paid-up share capital of PT Mulia Agro Permai ("PT Mulia") consisting of 2,700 ordinary shares of Rp1,000,000 each ("the Sale Shares"). The total cash purchase consideration for the Sale Shares is USD2,025,000/-.

PT Mulia is a limited liability company incorporated in the Republic of Indonesia and has an issued and fully paid-up share capital of Rp3,000,000,000 comprising 3,000 ordinary shares of Rp1,000,000/- each.

PT Mulia owns approximately 9,055.5 hectares of land with *Hak Guna Usaha* Title in Sampit, Central Kalimantan, Republic of Indonesia which it intends to develop into oil palm plantations in due course.

The Proposed Acquisition is subject to, inter alia, the approval of the Indonesian Investment Co-ordinating Board for the conversion of PT Mulia into a foreign investment company and the approval of Bank Negara Malaysia for payment and remittance of the purchase consideration.

The Proposed Acquisition will not have any effect on the share capital and shareholding structure of the Company. Further, the Proposed Acquisition will not have any effect on the net asset and earnings of the Group for the current financial year ending 30 September 2006.

- (b) The Company's wholly-owned subsidiary, KLK Overseas Investments Ltd ("KLKOI"), a company incorporated in the British Virgin Islands, had on 26 June 2006 entered into a conditional sale and purchase agreement ("SPA") with Taiko Marketing (S) Pte Ltd ("TMS"), to acquire from TMS a 100% equity stake in F Holm Chemie Handels GmbH ("Holm Chemie"), for a cash purchase consideration of Euro597,395.

Holm Chemie is a private limited company incorporated in the Federal Republic of Germany in 1990 and is involved in the trading and distribution of oleochemicals in Europe. It has a subscribed capital of Euro100,000 consisting of one share with a fully subscribed value of Euro100,000 which has been fully paid up.

The SPA is subject to the fulfillment of various conditions, including the completion of a due diligence exercise (legal, financial and commercial) by KLKOI. The Proposed Acquisition does not fall within the class of transactions which requires approval of the Company's shareholders.

A deposit equivalent to 10% of the purchase consideration was paid to TMS upon signing of the SPA. The balance 90% of the Purchase Price will be paid to TMS on completion date which is expected to be not later than 25 September 2006.

The Proposed Acquisition will not have any effect on the share capital of the Company and the substantial shareholders' shareholdings in the Company nor have any material effect on the Net Assets and Earnings per Share of the Group.

A12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets since the last annual balance sheet date.

B Explanatory Notes as required by the BMSB Revised Listing Requirements

B1. Review of Performance

The Group's profit before taxation for the current quarter was up 16.5% at RM149.1 million compared to corresponding quarter of the preceding year. Although earnings from the manufacturing sector had dropped, the plantation sector contributed higher profits owing to increased FFB production and improved selling price of rubber.

For the 9 months period, the Group posted a pre-tax profit of RM467.7 million which was 7.5% above that of last year's same period. Significant capital gains, higher contribution from property sector and higher plantation profits achieved through better FFB yields and favourable rubber prices had resulted in the period's higher profit. However, earnings from manufacturing sector, affected by competitive conditions, had declined.

B2. Variation of Results to Preceding Quarter

The current quarter's pre-tax profit of the Group rose 42.9% to RM149.1 million from RM104.3 million achieved in the previous quarter which was attributed to the improved plantation profits and retailing sector's lower loss.

B3. Current Year's Prospects

Whilst the plantation profits is expected to be higher due to better rubber prices, the Directors are of the opinion that the Group's results for the current financial year would be satisfactory notwithstanding the lower earnings from the manufacturing sector.

B4. Profit Forecast and Profit Guarantee

The Group did not issue any profit forecast or profit guarantee during the current financial year to-date.

B5. Tax Expense

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended		9 months ended	
	30 June		30 June	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	28,522	23,653	76,690	72,069
Overseas taxation	6,568	5,306	18,894	19,261
	<u>35,090</u>	<u>28,959</u>	<u>95,584</u>	<u>91,330</u>
Deferred tax relating to origination of temporary differences	4,078	4,194	10,536	16,488
	<u>39,168</u>	<u>33,153</u>	<u>106,120</u>	<u>107,818</u>
(Over)/Under provision in respect of previous years				
Malaysian taxation	(285)	60	(286)	(204)
Overseas taxation	130	(1)	114	178
	<u>(155)</u>	<u>59</u>	<u>(172)</u>	<u>(26)</u>
	39,013	33,212	105,948	107,792
Share of associated companies' taxation	1,503	1,453	5,399	8,664
	<u>40,516</u>	<u>34,665</u>	<u>111,347</u>	<u>116,456</u>

The effective tax rate for the year to-date is lower than the statutory tax rate due principally to tax exempt income received.

B6. Sale of Unquoted Investments and Properties

(a) There was no sale of unquoted investments during the financial quarter ended 30 June 2006 (30 June 2005 : Nil).

(b) Sale of properties

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended		9 months ended	
	30 June		30 June	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Surplus arising from government acquisitions of land	-	31	50,652	1,631
	<u>-</u>	<u>31</u>	<u>50,652</u>	<u>1,631</u>
Surplus on sale of property	10	-	2,007	-
	<u>10</u>	<u>-</u>	<u>2,007</u>	<u>-</u>

B7. Quoted Securities

(a) Purchases and sales of quoted securities other than securities in existing subsidiaries for the current quarter and financial year to-date :-

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Purchases of quoted securities	<u>2,448</u>	<u>3,198</u>	<u>8,402</u>	<u>69,896</u>
Sales proceeds of quoted securities	<u>22,338</u>	<u>68,808</u>	<u>43,150</u>	<u>81,735</u>
Surplus on sales of quoted securities	<u>8,603</u>	<u>21,496</u>	<u>18,791</u>	<u>20,457</u>

(b) Investments in quoted securities other than securities in existing subsidiaries as at end of the reporting period were as follows :-

	30 June	30 September
	2006	2005
	RM'000	RM'000
At cost		
Associated companies	39,677	40,366
Other investments	<u>445,094</u>	<u>461,855</u>
	<u>484,771</u>	<u>502,221</u>
At carrying value less allowance		
Associated companies	13,609	13,748
Other investments	<u>445,094</u>	<u>461,855</u>
	<u>458,703</u>	<u>475,603</u>
At market value		
Associated companies	8,367	7,794
Other investments	<u>566,867</u>	<u>647,904</u>
	<u>575,234</u>	<u>655,698</u>

B8. Status of Corporate Proposals Announced

There were no corporate proposals announced.

B9. Group Borrowings

As at the end of the reporting period, the Group's borrowings were as follows :-

	30 June 2006		30 September 2005	
	RM'000	Amount in	RM'000	Amount in
		Foreign		Foreign
	'000	Currency	'000	Currency
(a) Repayable within 12 months :-				
(i) Term Loans				
- Secured	3,425	GBP512	3,398	GBP512
	1,038	CAD316	1,551	CAD482
	4,741	HKD10,000	2,432	HKD5,000
	5,994	Rmb13,000	-	
	<u>15,198</u>		<u>7,381</u>	
- Unsecured	52,828	USD14,340	67,243	USD17,835
	54,457	GBP8,141	54,089	GBP8,141
	3,651	HKD7,700	5,679	HKD11,700
	1,478	AUD550	5,299	AUD1,850
	24,669	Rmb53,500	4,666	Rmb10,000
	<u>137,083</u>		<u>136,976</u>	
	<u>152,281</u>		<u>144,357</u>	
(ii) Bank Overdraft				
- Secured	-		1,643	HKD3,382
	1,518	CAD461	6,821	CAD2,120
	<u>1,518</u>		<u>8,464</u>	
- Unsecured	7,713	USD2,095	9,541	USD2,532
	675	GBP101	10,509	GBP1,582
	2,732	HKD5,763	801	HKD1,649
	2,429		-	
	<u>13,549</u>		<u>20,851</u>	
	<u>15,067</u>		<u>29,315</u>	
(iii) Short Term Borrowings				
- Unsecured	16,673	USD4,500	-	
	19,035		9,715	
	<u>35,708</u>		<u>9,715</u>	
Total repayable within 12 months	<u>203,056</u>		<u>183,387</u>	
(b) Repayable after 12 months :-				
Term Loans				
- Secured	201	CAD61	943	CAD293
	4,468	GBP668	6,989	GBP1,052
	<u>4,669</u>		<u>7,932</u>	
- Unsecured	<u>98,300</u>	USD26,655	<u>61,716</u>	USD16,345
Total repayable after 12 months	<u>102,969</u>		<u>69,648</u>	

B10. Financial Instruments with Off Balance Sheet Risk

The forward exchange contracts entered into by the Group as at 17 August 2006 (being a date not earlier than 7 days from the date of this report) were as follows :-

	<u>Currency</u>	<u>Contract Amount Million</u>	<u>Equivalent Amount RM million</u>	<u>Mature within One Year RM million</u>	<u>Mature in the Second Year RM million</u>
(a) Sale contracts	GBP	6.4	43.7	43.7	-
	AUD	2.2	5.9	5.9	-
	NZD	1.8	4.1	4.1	-
	EURO	7.9	35.6	35.6	-
	USD	143.0	520.4	520.4	-
(b) Purchase contracts	GBP	3.5	22.5	22.5	-
	USD	1.4	5.1	5.1	-

The contracts were entered into by the Group as hedges for committed sales and purchases denominated in foreign currencies. The hedging of the foreign currencies is to minimise the exposure of the Group to fluctuations in foreign exchange on receipts and payments.

The transactions in foreign currencies which are hedged by forward foreign exchange contracts are recorded in the book at the contracted rates. Any gains or losses arising from forward contracts are recognised in the Income Statement upon maturity.

There is minimal credit risk for the forward foreign exchange contracts because these contracts are entered into with licensed financial institutions.

B11. Material Litigation

- (a) *KL High Court Suit No. D4-22-1805-2004 ("the 1st Suit") between Glamour Green Sdn Bhd ("GGSB") and the Company, its wholly-owned subsidiary, Ablington Holdings Sdn Bhd ("AHSB") and AmBank Berhad (collectively, "the Defendants")*

The High Court on 3 April 2006 ruled in favour of the Defendants, i.e. GGSB's claim was dismissed with costs and the Company/AHSB's counter-claim against Ladang Perbadanan-Fima Berhad ("LPF") under the 1st Suit was allowed. Inter alia, the ruling lifted the injunction which restrained AHSB from completing the acquisition of 35 million LPF shares and from making a mandatory general offer for the remaining LPF shares not already owned by AHSB ("the MGO").

However, GGSB appealed against the High Court's decision ("GGSB's Appeal"). LPF also filed an appeal on 28 April 2006 ("LPF's Appeal"). Both the GGSB and LPF appeals are collectively referred to as "the Appeals".

On 19 May 2006, the Court of Appeal allowed the Appeals and the sale of the 35 million LPF shares by AmBank Berhad to AHSB was declared null and void. Consequently, AHSB/the Company cannot proceed with the MGO. GGSB was given up to 30 June 2006 to redeem the LPF shares by payment of RM99.5 million to AmBank, failing which AmBank was allowed to take action in accordance with the loan documents.

The Company/AHSB and AmBank have filed an application for leave to appeal to the Federal Court against the Court of Appeal decision. No date has been fixed as yet for this leave application.

GGSB failed to redeem the AmBank loan by 30 June 2006. As such, AmBank took the relevant steps to sell the 35 million LPF shares to AHSB on 20 July 2006. Pursuant to the said sale, the Company and AHSB served a notice of MGO on LPF. However, GGSB obtained an ex-parte injunction from the High Court on 24 July 2006 (see section B11.(b) below) to restrain the sale and the MGO.

- (b) *KL High Court Suit No. D2-22-1033-2006, (“GGSB’s 2nd Suit”) between Glamour Green Sdn Bhd (“GGSB”) and the Company, its wholly-owned subsidiary, Ablington Holdings Sdn Bhd (“AHSB”), AmBank Berhad and AmSec Nominees Sdn. Bhd. (collectively, “the Defendants”).*

(A) GGSB’s Statement of Claim

GGSB obtained an ex-parte injunction on 24 July 2006 (in relation to GGSB’s 2nd Suit) to restrain the sale of 35 million LPF shares by AmBank to AHSB on 20 July 2006 and the MGO by AHSB/the Company.

The Company and AHSB have applied to set aside the ex-parte injunction and the application is fixed for hearing on 18 October 2006.

GGSB have filed a Statement of Claim in their 2nd Suit and the allegations as set out in their Statement of Claim are, in short, as follows:

- (i) AmBank allegedly breached the terms of the loan documents (entered into by GGSB in relation to the loan from AmBank) when it sold the 35 million LPF Shares to AHSB on 20 July 2006. GGSB claims to have commenced redemption on 30 June 2006 when it had notified AmBank that it had found a buyer for the 35 million LPF Shares;
- (ii) AmBank allegedly failed to make a proper demand for the loan sum in accordance with the provisions of the loan documents;
- (iii) The Purchase Undertaking upon which AmBank had sold the 35 million LPF Shares to AHSB on 20 July 2006 had allegedly lapsed and therefore this sale by AmBank to AHSB was null and void;
- (iv) Even if GGSB was in default of the loan agreement (which it denies), AmBank had allegedly acted mala fide and in breach of its fiduciary duty to GGSB by not selling the LPF Shares at the best available price;
- (v) KLK allegedly breached the take over provisions by giving notice of the MGO on 20 July 2006 to purchase the remaining LPF Shares not owned by AHSB at RM2.85 per LPF Share rather than at RM3.80 per LPF Share.

As such, GGSB are claiming, amongst others, for:

- (i) an injunction to restrain AmBank from selling the 35 million LPF Shares to KLK/ AHSB;
- (ii) an injunction to restrain KLK/ AHSB from proceeding with the MGO; and

- (iii) a declaration that GGSB's act of redemption on 30 June 2006 is valid and effective as settlement towards the redemption sum to AmBank, and that AmBank do provide all necessary undertakings to complete the redemption.

KLK/ AHSB are seeking legal advice on the 2nd Suit and will be filing a defence against GGSB's Statement of Claim.

(B) Application for Intervention

Subsequently, Elliot Gordon Singapore Pte Ltd ("EGS") filed an application to intervene and be joined as a party to GGSB's 2nd Suit. EGS claims that it had, on 7 July 2006, entered into a share purchase agreement with GGSB for the 35 million LPF Shares ("SPA").

In the same application, EGS also applied for Ladang Perbadanan-Fima Berhad ("LPF") to be joined as a party to GGSB's 2nd Suit. EGS further sought, inter alia, an injunction to restrain the Defendants and/or LPF from:

- (i) completing the sale by AmBank to AHSB of the 35 million LPF Shares;
- (ii) acting upon the purchase undertaking dated 30 November 2004 issued by KLK in favour of AmBank;
- (iii) undermining the rights of EGS under the SPA; and
- (iv) taking any steps under the Malaysian Code on Take-Overs and Mergers 1998.

Hearing of EGS's application is fixed for 18 October 2006.

(c) *KL High Court Suit ("the Suit") Between Plaintiffs :*

- (i) *Taipan Heritage Sdn. Bhd.*
- (ii) *Value Heights Sdn. Bhd.*
- (iii) *Leader Heights Sdn. Bhd.*
- (iv) *Full Appraisal Sdn. Bhd.*
- (v) *Yewlit Corporation Sdn. Bhd.*

And

Defendants :

- (i) *AmBank Berhad ("AmBank")*
- (ii) *Kuala Lumpur Kepong Berhad ("KLK")*
- (iii) *Ablington Holdings Sdn. Bhd. ("AHSB")*
- (iv) *Glamour Green Sdn. Bhd. ("GGSB")*
- (v) *Ladang Perbadanan FIMA Berhad ("LPF")*

KLK/AHSB's solicitors were served with a Statement of Claim and an Application for an Injunction pursuant to the Suit on 19 May 2006.

The Plaintiffs claim to be shareholders of LPF and are claiming the following reliefs:

- (i) a declaration that AmBank, KLK, AHSB and/or GGSB have acted in concert in acquiring LPF shares;

- (ii) a declaration that the conditional mandatory general offer dated 14 December 2004 made by AHSB to acquire the remaining 61.7 million LPF shares not already owned by AHSB at RM2.85 per LPF share ("MGO") is illegal and void;
- (iii) a declaration that the offer price for the MGO should not be less than RM3.80 per LPF share;
- (iv) an order directing AHSB to make a MGO or to revise the offer price to RM3.80 per LPF share;
- (v) an injunction to restrain AmBank, KLK and AHSB from completing, registering, paying and/or transferring 35 million LPF shares to AHSB and/or anyone else;
- (vi) an injunction to restrain AHSB from exercising any voting rights in relation to the 35 million LPF shares;
- (vii) an injunction to restrain AHSB from proceeding with the MGO;
- (viii) damages, interest and costs.

KLK and AHSB are seeking legal advice on this Suit.

B12. Dividend

- (a) (i) An interim ordinary dividend has been declared;
- (ii) The amount per share : 10 sen per share less 28% Malaysian income tax;
- (iii) The previous corresponding period :-
Interim Dividend : 6 sen per share tax exempt
- (iv) The date paid : 9 August 2006
- (b) The total dividend for the current financial year is 10 sen per share less 28% Malaysian income tax (2005 : 6 sen per share tax exempt).

B13. Earnings Per Share

Basic earnings per share

The earnings per share is calculated by dividing the net profit for the period by the weighted average number of shares of the Company in issue during the period.

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2006	2005	2006	2005
(a) Net profit for the period (RM'000)	107,846	91,591	353,715	315,684
(b) Weighted average number of shares	709,977,128	709,977,128	709,977,128	709,977,128
(c) Earnings per share (sen)	15.19	12.90	49.82	44.46

By Order of the Board
 J. C. LIM
 FAN CHEE KUM
 Company Secretaries

23 August 2006