HAP SENG CONSOLIDATED BERHAD

(Company Number: 26877-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FIRST QUARTER ENDED 30 APRIL 2006

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 30.4.2006	**Preceding Year Corresponding Quarter Ended 30.4.2005**	**Current Year To date Ended 30.4.2006**	**Preceding Year Corresponding Period 30.4.2005**
	RM'000	RM'000	RM'000	RM'000
		(Restated)		*(Restated)*
Revenue	411,696	347,100	411,696	347,100
Operating expenses	(375,241)	(310,015)	(375,241)	(310,015)
Other operating income	5,225	2,669	5,225	2,669
Operating profit	41,680	39,754	41,680	39,754
Financing costs	(10,498)	(7,995)	(10,498)	(7,995)
Share of profit of associates	335	441	335	441
Profit before taxation	31,517	32,200	31,517	32,200
Tax expense	(8,915)	(9,991)	(8,915)	(9,991)
Profit for the period	22,602	22,209	22,602	22,209
Attributable to:				
Equity holders of the parent	20,119	20,217	20,119	20,217
Minority interests	2,483	1,992	2,483	1,992
Profit for the period	22,602	22,209	22,602	22,209
Earnings per share (sen)				
Basic	3.42	3.43	3.42	3.43
Fully diluted	3.42 *	3.43	3.42 *	3.43

** As the diluted earnings per share exceed the basic earnings per share, the anti-dilutive effect is ignored.*

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2006 and the accompanying explanatory notes attached to the Interim Financial Statements

HAP SENG CONSOLIDATED BERHAD

(Company Number: 26877-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
FIRST QUARTER ENDED 30 APRIL 2006

	As at End of Current Quarter 30.4.2006 RM'000	As at Preceding Financial Year End 31.1.2006 RM'000 *(Restated)*
Non-current assets		
Property, plant and equipment	830,297	830,807
Investment properties	306,582	302,595
Investment in associates	73,509	73,174
Other investments	23,089	23,154
Land held for property development	310,688	305,988
Long term receivables	398,614	362,590
Goodwill on consolidation	31	(14,019)
Deferred tax assets	3,379	3,379
	1,946,189	1,887,668
Current assets		
Inventories	370,492	410,362
Property development costs	107,668	106,334
Receivables	519,293	406,951
Cash and cash equivalents	41,564	43,815
	1,039,017	967,462
TOTAL ASSETS	2,985,206	2,855,130
Equity attributable to equity holders of the parent		
Share capital	622,660	622,660
Reserves	925,199	891,917
	1,547,859	1,514,577
Less : Treasury shares	(74,023)	(74,023)
	1,473,836	1,440,554
Minority interests	155,834	153,351
TOTAL EQUITY	1,629,670	1,593,905
Non-current liabilities		
Bank borrowings	419,950	419,950
Deferred tax liabilities	173,626	170,594
Others	2,461	1,966
	596,037	592,510
Current liabilities		
Payables	186,557	186,566
Bank borrowings	571,038	478,226
Taxation	1,904	3,923
	759,499	668,715
TOTAL LIABILITIES	1,355,536	1,261,225
TOTAL EQUITY AND LIABILITIES	2,985,206	2,855,130
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.50	2.45
Based on number of shares net of treasury shares	588,855,600	588,855,600

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2006 and the accompanying explanatory notes attached to the Interim Financial Statements

HAP SENG CONSOLIDATED BERHAD

(Company Number: 26877-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FIRST QUARTER ENDED 30 APRIL 2006

	← Attributable to Equity Holders of the Parent →						
	Share Capital	**Non-distributable Reserves**	**Distributable Reserves**	**Treasury Shares**	**Total**	**Minority Interests**	**Total Equity**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 February 2006							
- As previously reported	622,660	48,963	845,596	(74,023)	1,443,196	153,351	1,596,547
- Prior year adjustment:							
Effects of adopting FRS 140	-	-	(2,642)	-	(2,642)	-	(2,642)
- As restated	622,660	48,963	842,954	(74,023)	1,440,554	153,351	1,593,905
Effects of adopting:							
- FRS 3	-	-	14,050	-	14,050	-	14,050
- FRS 140	-	-	(123)	-	(123)	-	(123)
	622,660	48,963	856,881	(74,023)	1,454,481	153,351	1,607,832
Translation differences	-	(764)	-	-	(764)	-	(764)
Profit for the period	-	-	20,119	-	20,119	2,483	22,602
At 30 April 2006	622,660	48,199	877,000	(74,023)	1,473,836	155,834	1,629,670
At 1 February 2005							
- As previously reported	622,660	49,288	786,784	(71,363)	1,387,369	143,553	1,530,922
- Prior year adjustment:							
Effects of adopting FRS 140	-	-	(1,263)	-	(1,263)	-	(1,263)
- As restated	622,660	49,288	785,521	(71,363)	1,386,106	143,553	1,529,659
Exercise of ESOS	2	3	-	-	5	-	5
Cancellation of treasury shares	(2)	(1)	(2)	5	-	-	-
Purchase of treasury shares	-	-	-	(34)	(34)	-	(34)
Translation differences	-	(66)	-	-	(66)	-	(66)
Profit for the period							
- As previously stated	-	-	20,562	-	20,562	1,992	22,554
- Effects of adopting FRS 140	-	-	(345)	-	(345)	-	(345)
- As restated	-	-	20,217	-	20,217	1,992	22,209
At 30 April 2005 *(Restated)*	622,660	49,224	805,736	(71,392)	1,406,228	145,545	1,551,773

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2006 and the accompanying explanatory notes attached to the Interim Financial Statements

HAP SENG CONSOLIDATED BERHAD

(Company Number: 26877-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)
FOR THREE MONTHS ENDED 30 APRIL 2006

	For Current Year Period Ended 30.4.2006 RM'000	For Preceding Year Period Ended 30.4.2005 RM'000 *(Restated)*
Cash flows from operating activities		
Profit before taxation	31,517	32,200
Adjustments for:		
Non-cash items	7,304	6,827
Non-operating items	(577)	(564)
Net interest expense	10,348	7,880
Operating profit before working capital changes	48,592	46,343
Net changes in working capital	(109,474)	(98,658)
Net tax paid	(12,556)	(12,459)
Net interest paid	(10,348)	(7,880)
Land held for property development	(3,695)	(35,372)
Net cash used in operating activities	(87,481)	(108,026)
Cash flows from investing activities		
Dividends received from associate	-	271
Proceeds from disposal of other investment	10	-
Proceeds from disposal of property, plant and equipment	913	505
Purchase of property, plant and equipment	(7,566)	(7,621)
Redevelopment/refurbishment of investment properties	(808)	(81)
Net cash used in investing activities	(7,451)	(6,926)
Cash flows from financing activities		
Proceeds from bank borrowings	76,079	129,779
Issue of shares pursuant to ESOS exercised	-	5
Shares repurchased at cost	-	(34)
Net cash from financing activities	76,079	129,750
Net (decrease)/increase in cash and cash equivalents	(18,853)	14,798
Effects on exchange rate changes	(131)	(67)
Cash and cash equivalents at beginning of year	36,738	(2,115)
Cash and cash equivalents at end of year	17,754	12,616

For purposes of Cash Flow Statements, cash and cash equivalents are presented net of bank overdrafts and comprise the following:

Deposits with licensed banks	1,388	4,156
Cash in hand and at bank	40,176	23,519
Bank overdrafts	(23,810)	(15,059)
	17,754	12,616

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 January 2006 and the accompanying explanatory notes attached to the Interim Financial Statements

PART A

Explanatory Notes Pursuant to Financial Reporting Standard (FRS) 134_{2004} "Interim Financial Reporting"

1. **Basis of Preparation**

This interim financial report has been prepared in accordance with the requirements of FRS 134_{2004} "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 January 2006.

2. **Changes in Accounting Policies**

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the audited financial statements for the year ended 31 January 2006 except for the changes in accounting policies which are expected to be reflected in the financial statements for year ending 31 January 2007 in compliance with applicable Financial Reporting Standards (FRS) adopted by the Malaysian Accounting Standards Board (MASB) that are effective for financial period beginning 1 January 2006 which are as follows:

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
RFS 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	Interests 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

The adoption of FRSs 5, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133 and 138 do 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 as follows:

(a) **FRS 2: Share-based Payment**

The Company operates an equity-settled, share-based compensation plan for the employees of the Group under the Hap Seng Consolidated Berhad's Employees' Share Option Scheme (ESOS).

This FRS requires an entity to recognise share-based payments in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity. Prior to 1 January 2006, no compensation expense was recognised in the Income Statement for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in the Income Statement over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to be vested by the vesting date. Any revision of this estimate is included in the Income Statement and a corresponding adjustment to equity over the remaining vesting periods.

Under the transitional provisions of FRS 2, all share options granted after 31 December 2004 and had not yet vested on 1 January 2006 must apply this FRS retrospectively.

All share options were granted by the Company prior to 31 December 2004 and have been fully vested prior to 1 January 2006. For the current quarter, no share option under the ESOS is granted to employees of the Group. Accordingly, the Group does not have any adjustments arising from the adoption of FRS 2.

2. **Changes in Accounting Policies** (Cont'd)

(b) **FRS 3: Business Combinations and FRS 136: Impairment of Assets**

In prior periods, goodwill and negative goodwill were amortised on a straight-line basis over the estimated useful life of 25 years.

The adoption of FRS 3: Business Combinations and FRS 136: Impairment of Assets have resulted in the Group ceasing annual amortisation of goodwill. Goodwill carried at cost less accumulated impairment losses, is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it may be impaired. Impairment losses are recognised in the Income Statement when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds the recoverable amount. In accordance with the transitional provisions of FRS 3, the cumulative amortisation as at 1 February 2006 has been offset against the cost of goodwill and the carrying amount of goodwill as at 1 February 2006 of RM31,000 ceased to be amortised.

Also in accordance with FRS 3, any of the excess of the Group's interest in the fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), is now recognised immediately in the Income Statement. The Group has negative goodwill of RM14,050,000 as at 1 February 2006. In accordance with the transitional provisions of FRS 3, the negative goodwill was derecognised with a corresponding increase in the opening balance of retained earnings as at 1 February 2006.

The change in policy in respect of goodwill and negative goodwill have been applied prospectively and as such there is no restatement of comparative amounts whilst the Group's profit for the current quarter was reduced by RM153,000 resulting from cessation of annual amortisation of goodwill and negative goodwill.

(c) **FRS 101: Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of profit of associates 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 and loss for the period between the minority interests and the equity holders of the parent. A similar requirement is also applicable to the Statement of Changes in Equity. FRS 101 also requires disclosure on the face of the Statement of Changes in Equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest. Share of profit of associates is now presented net of tax and minority interests (if any) in the Condensed Income Statements.

The presentation of the Group's financial statements for the current period is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation as summarised in Note 3 below.

(d) **FRS 140: Investment Property**

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties that were stated at cost less impairment losses in prior periods are now stated at fair value based on open-market value determined by independent professional valuers. Gains or losses arising from changes in fair values of investment properties are recognised in the Income Statement in the period in which they arise.

In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied prospectively and the comparatives figures as at 31 January 2006 are not restated. Instead, the changes have been accounted for by restating the opening balances in the balance sheet as at 1 February 2006 as follows:

	Increase/(decrease) As at 1.2.2006 RM'000
Investment properties	3,179
Retained profits	(123)
Deferred tax liabilities	3,302
	=======

In accordance with FRS 140, investment properties which are significantly occupied by the Group have been reclassified to property, plant and equipment and accordingly are depreciated over their estimated useful lives. The effect of such reclassifications have been applied retrospectively to the comparatives as at 31 January 2006 as summarised in Note 3 below.

3. **Comparatives**

The following comparatives have been restated due to the adoption of new and revised FRSs which have retrospective impact on the preceding periods financial statements:

(a) **Condensed Consolidated Income Statement**

	Individual / Cumulative Quarter Ended 30.4.2005			
		Adoption of		
	As previously reported	FRS 101 Note 2(c)	FRS 140 Note 2(d)	As restated
	RM'000	RM'000	RM'000	RM'000
Operating expenses	(309,666)	-	(349)	(310,015)
Operating profit	40,103	-	(349)	39,754
Share of profit of associates	661	(220)	-	441
Profit before taxation	32,769	(220)	(349)	32,200
Tax expense	(10,215)	220	4	(9,991)
Profit for the period	22,554	-	(345)	22,209
Profit for the period attributable to equity holders of the parent	20,562	-	(345)	20,217
Earnings per share (sen)				
- Basic	3.48	-	(0.05)	3.43
- Fully diluted	3.48	-	(0.05)	3.43

(b) **Condensed Consolidated Balance Sheet**

	As at 31.1.2006		
	As previously reported	Adoption of FRS 140 Note 2(d)	As restated
	RM'000	RM'000	RM'000
Property, plant and equipment	729,748	101,059	830,807
Investment properties	406,329	(103,734)	302,595
Reserves	894,559	(2,642)	891,917
Deferred tax liabilities	170,627	(33)	170,594

(c) **Condensed Consolidated Statement of Changes in Equity**

	As previously reported	Adoption of FRS 140 Note 2(d)	As restated
	RM'000	RM'000	RM'000
Distributable reserves at 1 February 2005	786,784	(1,263)	785,521
Distributable reserves at 30 April 2005	807,344	(1,608)	805,736

(d) **Condensed Consolidated Cash Flow Statement**

	Period ended 30.4.2005			
		Adoption of		
	As previously reported	FRS 101 Note 2(c)	FRS 140 Note 2(d)	As restated
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	32,769	(220)	(349)	32,200
Non-cash items	6,478	-	349	6,827
Non-operating items	(784)	220	-	(564)

4. **Auditors' Report on Preceding Annual Financial Statements**

   The auditors' report in respect of the financial statements of the Company for the preceding financial year ended 31 January 2006 was not subject to any qualification.

5. **Comments on the Seasonality or Cyclicality of Operations**

   The seasonal or cyclical factors affecting the results of the operations of the Group are as follows:

   (a) The performance of the Group's Quarry and Building Materials Division were influenced by a slow down in construction activity in the first quarter attributable to the timing of seasonal festive periods and wet weather conditions.

   (b) The Group's Plantation Division performance was influenced by general climatic conditions, age profile of oil palms and the cyclical nature of annual production.

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

   Save for the information disclosed in this interim financial report, there were no unusual items affecting assets, liabilities, equity, net income or cash flow during the current quarter.

7. **Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years**

   There were no changes in estimates of amounts reported in prior financial years except for the restatement of comparatives due to the adoption of new and revised FRSs as disclosed in Note 3 above.

8. **Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity**

   (a) During the current quarter under review, there was no buyback of shares or resale and cancellation of treasury shares. All the shares bought back were retained as treasury shares.

   (b) The Company has an Employees' Share Option Scheme ["ESOS"] which will expire on 12 September 2007 pursuant to the shareholders' approval at an Extraordinary General Meeting ["EGM"] held on 4 December 2000. During the current quarter under review, there was no issuance of share pursuant to the ESOS.

   (c) As at 30 April 2006, the Company has 33,804,400 ordinary shares held as treasury shares after a cumulative cancellation of 2,849,000 shares. Simultaneous with the aforementioned cancellation of treasury shares, as at 30 April 2006, the Company had allotted and issued a cumulative total of 2,849,000 new ordinary shares of RM1.00 each pursuant to the ESOS. Consequently, the issued and paid up share capital of the Company remained unchanged at 622,660,000 ordinary shares of RM1.00 each. As at 30 April 2006, options granted to subscribe for 4,703,000 ordinary shares of RM1.00 each pursuant to the ESOS remained unexercised.

9. **Dividends Paid**

   There was no dividend paid out of shareholders' equity for the ordinary shares during the current quarter under review.

10. Segment Revenue and Segment Result

	Trading RM'000	Financing RM'000	Agricultural RM'000	Property RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
Period Ended 30 April 2006							
Revenue							
External revenue	312,673	10,470	53,340	35,213	-	-	411,696
Inter-segment revenue	16,195	-	-	2,100	-	(18,295)	-
Total revenue	328,868	10,470	53,340	37,313	-	(18,295)	411,696
Result							
Operating profit	8,672	6,899	22,562	11,075	(4,197)	(3,331)	41,680
Period Ended 30 April 2005							
Revenue							
External revenue	254,116	7,031	56,813	29,140	-	-	347,100
Inter-segment revenue	10,516	-	-	1,308	-	(11,824)	-
Total revenue	264,632	7,031	56,813	30,448	-	(11,824)	347,100
Result							
Operating profit	11,069	4,537	22,480	7,658	(4,174)	(1,816)	39,754

11. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment have been brought forward, without amendment from the previous audited financial statements.

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

There were no material events subsequent to the end of the current quarter and up to 23 June 2006, being the last practicable date from the date of the issue of this report which are expected to have an operational or financial impact on the Group.

13. Effect of Changes in the Composition of the Group during the Interim Period, including Business Combinations, Acquisition or Disposal of Subsidiaries and Long–term Investments, Restructuring and Discontinuing Operations

There were no changes in the composition of the Group during the quarter under review.

14. Changes in Contingent Liabilities or Contingent Assets since the Last Annual Balance Sheet Date

Since the last annual balance sheet date, the Group has no material contingent liabilities as at 23 June 2006, being the last practicable date from the date of the issue of this report which are expected to have an operational or financial impact on the Group.

The contingent liabilities of the Company as at the end of the current quarter are as follows:

	As at 30.4.2006 RM'000	**As at 31.1.2006** RM'000
Guarantees to and contingencies relating to borrowings of subsidiaries in respect of balances outstanding	840,988	748,176
	========	========

15. **Capital Commitments**

The Group has the following capital commitments:

	As at 30.4.2006	As at 31.1.2006
	RM'000	RM'000
Contracted but not provided for in this report	54,271	23,269
Authorised but not contracted for	108,106	116,222
	162,377	139,491

16. **Significant Related Party Transactions**

During the current quarter under review and up to 23 June 2006, the Company and its subsidiaries did not enter into any Significant Related Party Transactions nor Recurrent Related Party Transactions that were not included in the Shareholders' mandate obtained on 28 June 2005, except for the following:

On 14 April 2006, Si Khiong Star Sdn Bhd ["SKS"], a wholly-owned subsidiary of Si Khiong Industries Sdn Bhd which in turn is a wholly-owned subsidiary of the Company, sold a Mercedes Benz A170 (Standard Specification) motor vehicle to Dato' Jorgen Bornhoft, at the sale price of RM184,752.90. Dato' Jorgen Bornhoft is a director of both the Company and its holding company, Malaysian Mosaics Berhad. The transaction was entered in the ordinary course of business of SKS and was undertaken on arm's length terms which are not more favourable than those available to the public. The aforementioned sale was announced by the Company on even date.

PART B

Explanatory Notes Pursuant to paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad

1. **Review of Performance**

Group revenue for the current quarter ended 30 April 2006 at RM411.7 million was 19% higher than the preceding year corresponding quarter mainly due to higher sales achieved by all Divisions within the Group except for Plantation Division. Group Operating Profit for the current quarter at RM41.7 million was 5% higher than the preceding year corresponding quarter mainly due to better performance from Property, Automotive and Credit Financing Divisions but offset somewhat by lower contribution from Sasco Fertilizer Trading Division.

Plantation Division's revenue decreased by 6% due to lower sales volume. Nevertheless, operating profit for the current quarter was marginally above the preceding year corresponding quarter mainly attributable to higher Crude Palm Oil (CPO) average price realisation of RM1,375 per metric tonne compared with the preceding year corresponding quarter's price of RM1,345 per metric tonne and lower production costs. Sasco Fertilizer Trading Division results were adversely affected by higher fertilizers sourcing costs and severe trading conditions.

The higher financing costs for the current quarter were due to increased level of funding required to support growth in the Property, Credit Financing, Sasco Fertilizer Trading and Automotive Divisions and higher interest rates attributable to adjustments in Bank Negara Malaysia's Overnight Policy Rate in the fourth quarter of the preceding financial year and the first quarter of the current financial year.

Overall, profit before taxation for the current quarter at RM31.5 million was 2% lower than the preceding year corresponding quarter. Basic earnings per share attributable to shareholders at 3.42 sen was marginally lower than the preceding year corresponding quarter of 3.43 sen.

2. **Comments on Material Changes in the Profit Before Taxation for the Quarter Reported as Compared with the Preceding Quarter**

Group profit before taxation for the current quarter at RM31.5 million was 21% lower than the preceding quarter of RM40.1 million mainly due to lower contribution from Plantation Division due to lower Fresh Fruit Bunches (FFB) and CPO production attributable to the wet weather conditions. The lower results from Plantation Division was mitigated somewhat with improvement in Sasco Fertilizer Trading, Automotive and Credit Financing Divisions results over the preceding quarter.

3. **Current Year Prospects**

The Group anticipates a very challenging year ahead with higher operating costs due to escalating oil prices, Bank Negara Malaysia's Overnight Policy Rate adjustments and severe competitive trading conditions. Crude Palm Oil and Palm Kernel commodity price realisation will continue to be the most significant influence on the overall performance of the Group.

4. **Variances Between Actual Profit and Forecast Profit**

Any variances between actual profit and forecast profit is not applicable as the Company has not provided any profit forecast in any public document.

5. **Tax Expense**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.4.2006	**30.4.2005**	**30.4.2006**	**30.4.2005**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- Income tax	9,179	9,959	9,179	9,959
- deferred tax	(264)	3	(264)	3
	-------------	-------------	-------------	-------------
	8,915	9,962	8,915	9,962
Real property gains tax	-	29	-	29
	-------------	-------------	-------------	-------------
	8,915	9,991	8,915	9,991
	=========	=========	=========	=========

The Group's effective tax rate for the current quarter was in line with the statutory tax rate whilst preceding year quarter effective tax rate was higher than statutory tax rate due to certain expenses disallowed for tax purposes.

6. **Profits/(Losses) on sale of unquoted investments and/or properties respectively for the current quarter and financial year-to-date**

There was no disposal of unquoted investment for the current quarter under review except for the disposal of the Company's entire shareholding of 64,600 shares in Vox Emas Comunications Sdn Bhd for cash consideration of RM10,000 which has resulted in a gain on disposal of RM9,999 to the Group.

Sale of properties was in respect of those that were sold in the ordinary course of business and were included in the revenue of the Group.

7. **Purchase or disposal of quoted securities other than securities in existing subsidiaries and associated companies for the current quarter and financial year-to-date**

(a) The Company and the Group did not purchase or dispose of any quoted securities for the current quarter except for the shares bought back by the Company as disclosed in Note 8(a) of Part A above.

(b) The Group's total investments in quoted shares (excluding existing subsidiaries and associated companies) are as follows:-

	As at	As at
	30.4.2006	**31.1.2006**
	RM'000	RM'000
(i) At cost	37,998	37,998
(ii) At book value	23,089	23,089
(iii) At market value	23,650	24,823
	=======	=======

8. **Status of Corporate Proposals Announced But Not Completed Not Earlier than Seven (7) Days from the Date of this Report**

There was no corporate proposal announced but not completed as at 23 June 2006.

9. **Borrowings and Debt Securities**

The Group does not have any debt securities. The Group borrowings are all unsecured and denominated in Ringgit as follows:

		As at 30.4.2006 RM'000	**As at 31.1.2006** RM'000
Short term	- Bankers acceptances	262,028	266,949
	- Bank overdrafts	23,810	7,077
	- Revolving credits	285,200	204,200
		571,038	478,226
Long term	- Term loan	419,950	419,950
		990,988	898,176

10. **Financial Instruments with Off Balance Sheet Risk**

The Group entered into forward foreign exchange contracts where appropriate to limit its exposure on receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies. The fair value of forward foreign currency contracts is the estimated amount in which the Group would expect to pay on the termination of the outstanding position arising from such contracts. The fair value of such contracts is determined by reference to the spot rate on that date. The settlement date of these contracts range between 1 and 6 months.

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 23 June 2006 being a date not earlier than 7 days from the date of this report are:

	Contracted Amount RM'000	**Fair Value** RM'000
Forward foreign exchange contracts	81,468	82,286

The Group has no significant concentrations of credit and market risks in relation to the above off balance sheet financial instruments as the forward foreign exchange contracts are entered into with reputable financial institutions and are not used for speculative purposes.

11. **Material Litigation**

Except for the following, there were no changes in material litigation since the last annual balance sheet date:-

On 24 October 2002, the Company was served with a Writ of Summons ["said Writ"] in the High Court in Sabah and Sarawak at Kota Kinabalu ["Tongod Suit"] wherein the Company was named as the first defendant, Asiatic Development Berhad as the second defendant, Tanjung Bahagia Sdn Bhd as the third defendant, Director of Department of Lands and Surveys, Sabah as the fourth defendant and the Government of the State of Sabah as the fifth defendant. The Tongod Suit was instituted by certain natives of Sabah claiming Native Customary Rights over all that parcel of land held under Title No. CL095330724 situated in Sungai Tongod, District of Kinabatangan, Sandakan ["the Tongod Land"] or part thereof. The Company had on 9 May 2002 completed its disposal of the Tongod Land to Tanjung Bahagia Sdn Bhd, the wholly-owned subsidiary of Asiatic Development Berhad.

The Company has filed its Statement of Defence and an application to strike out the said Writ on 11 February 2003 ["Striking Out Application"].

As announced on 13 June 2003, the learned Deputy Registrar dismissed the Company's Striking Out Application with costs. The Company is appealing against the said decision and the Court had adjourned its original hearing date of 15 April 2005 on the same to another date to be fixed.

11. **Material Litigation** (Cont'd)

The Plaintiffs had earlier filed an application for injunction restraining the second and third defendants from carrying out, inter alia, planting activities on the Tongod Land or part thereof. During the hearing held on 5 July 2004 on the said injunction application, the defendants had raised a preliminary objection to the Court's jurisdiction to determine Native Customary Rights. The Court has yet to fix a new date for decision on the said preliminary objection.

The Company's Solicitors are of the opinion that the Plaintiffs' claim to Native Customary Rights against the alienated land after the issuance of the title is unlikely to succeed.

12. **Earnings Per Share**

(a) The basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the parent by weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

(b) The diluted earnings per share is calculated by dividing the profit for the period attributable to equity holders of the parent by the by weighted average number of ordinary shares in issue during the period, adjusted for the dilutive effects of potential ordinary shares, i,e. share options granted pursuant to the Employees' Share Option Scheme [“ESOS”].

	Individual Quarter Ended		**Cumulative Quarter Ended**	
	30.4.2006	**30.4.2005**	**30.4.2006**	**30.4.2005**
Profit for the period attributable to equity holders of the parent (RM'000)	20,119	20,217	20,119	20,217
Basic earnings per share (sen)	3.42	3.43	3.42	3.43
Diluted earnings per share (sen)	3.42 *	3.43	3.42 *	3.43
Based on weighted average number of ordinary shares ('000):				
- for Basic earnings per share	588,856	590,065	588,856	590,065
Adjustment for share options	(1,027)	182	(1,027)	182
- for Diluted earnings per share	587,829	590,247	587,829	590,247

* As the diluted earnings per share exceed the basic earnings per share, the anti-dilutive effect is ignored.

13. **Dividends**

The Directors do not recommend any interim dividend for the period under review.

BY ORDER OF THE BOARD

LEE WEE YONG
CHEAH YEE LENG
Secretaries

Petaling Jaya
28 June 2006