



HAP SENG CONSOLIDATED BERHAD

(Company Number: 26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) THIRD QUARTER ENDED 31 OCTOBER 2006

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31.10.2006 RM'000	Preceding Year Corresponding Quarter Ended 31.10.2005 RM'000 <i>(Restated)</i>	Current Year To date Ended 31.10.2006 RM'000	Preceding Year Corresponding Period 31.10.2005 RM'000 <i>(Restated)</i>
Revenue	434,718	382,252	1,306,191	1,098,763
Operating expenses	(378,440)	(330,942)	(1,179,934)	(979,640)
Other operating income	3,603	1,982	11,750	6,061
Operating profit	59,881	53,292	138,007	125,184
Financing costs	(13,921)	(9,084)	(37,288)	(25,660)
Share of profit/(loss) of associates	(2)	23	631	249
Profit before taxation	45,958	44,231	101,350	99,773
Tax expense	(11,136)	(10,011)	(27,557)	(27,335)
Profit for the period	34,822	34,220	73,793	72,438
Attributable to:				
Equity holders of the parent	30,783	30,651	65,188	64,336
Minority interests	4,039	3,569	8,605	8,102
Profit for the period	34,822	34,220	73,793	72,438
Earnings per share (sen)				
Basic	5.23	5.20	11.07	10.91
Fully diluted *	5.23	5.20	11.07	10.91

* 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) THIRD QUARTER ENDED 31 OCTOBER 2006

	As at End of Current Quarter 31.10.2006	As at Preceding Financial Year End 31.1.2006
	RM'000	RM'000 <i>(Restated)</i>
Non-current assets		
Property, plant and equipment	883,483	830,807
Investment properties	298,682	302,595
Investment in associates	73,805	73,174
Other investments	23,089	23,154
Land held for property development	314,906	305,988
Long term receivables	444,626	362,590
Goodwill on consolidation	31	(14,019)
Deferred tax assets	3,379	3,379
	-----	-----
	2,042,001	1,887,668
	-----	-----
Current assets		
Inventories	406,082	410,362
Property development costs	117,075	106,334
Receivables	583,310	406,951
Cash and cash equivalents	54,193	43,815
	-----	-----
	1,160,660	967,462
	-----	-----
TOTAL ASSETS	3,202,661	2,855,130
	=====	=====
Equity attributable to equity holders of the parent		
Share capital	622,660	622,660
Reserves	940,856	891,917
	-----	-----
	1,563,516	1,514,577
Less : Treasury shares	(73,804)	(74,023)
	-----	-----
	1,489,712	1,440,554
	-----	-----
Minority interests	158,070	153,351
	-----	-----
TOTAL EQUITY	1,647,782	1,593,905
	-----	-----
Non-current liabilities		
Bank borrowings	389,950	419,950
Deferred tax liabilities	173,530	170,594
Others	3,873	1,966
	-----	-----
	567,353	592,510
	-----	-----
Current liabilities		
Payables	225,036	186,566
Bank borrowings	761,664	478,226
Taxation	826	3,923
	-----	-----
	987,526	668,715
	-----	-----
TOTAL LIABILITIES	1,554,879	1,261,225
	-----	-----
TOTAL EQUITY AND LIABILITIES	3,202,661	2,855,130
	=====	=====
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.53	2.45
	=====	=====
Based on number of shares net of treasury shares	588,955,500	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) THIRD QUARTER ENDED 31 OCTOBER 2006

	← Attributable to Equity Holders of the Parent →				Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non- distributable Reserves RM'000	Distributable Reserves RM'000	Treasury Shares 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
Exercise of ESOS	100	104	-	-	204	-	204
Cancellation of treasury shares	(100)	(4)	(115)	219	-	-	-
Translation differences	-	(274)	-	-	(274)	-	(274)
Profit for the period	-	-	65,188	-	65,188	8,605	73,793
Dividends	-	-	(29,887)	-	(29,887)	(3,886)	(33,773)
At 31 October 2006	622,660	48,789	892,067	(73,804)	1,489,712	158,070	1,647,782
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	-	-	-	(2,312)	(2,312)	-	(2,312)
Translation differences	-	(1,505)	-	-	(1,505)	-	(1,505)
Profit for the period							
- As previously stated	-	-	65,370	-	65,370	8,102	73,472
- Effects of adopting FRS 140	-	-	(1,034)	-	(1,034)	-	(1,034)
- As restated	-	-	64,336	-	64,336	8,102	72,438
Dividends	-	-	(29,711)	-	(29,711)	(3,857)	(33,568)
At 31 October 2005 (Restated)	622,660	47,785	820,144	(73,670)	1,416,919	147,798	1,564,717

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 NINE MONTHS ENDED 31 OCTOBER 2006

	For Current Year Period Ended 31.10.2006	For Preceding Year Period Ended 31.10.2005
	RM'000	RM'000
		<i>(Restated)</i>
Cash flows from operating activities		
Profit before taxation	101,350	99,773
Adjustments for:		
Non-cash items	24,049	21,136
Non-operating items	(792)	(835)
Dividend income	(398)	(329)
Net interest expense	36,513	25,214
	-----	-----
Operating profit before working capital changes	160,722	144,959
Net changes in working capital	(217,129)	(124,365)
Net tax paid	(36,496)	(44,534)
Net interest paid	(36,513)	(25,214)
Land held for property development	(10,780)	(40,250)
	-----	-----
Net cash used in operating activities	(140,196)	(89,404)
	-----	-----
Cash flows from investing activities		
Dividends received from associate/other investment	398	2,807
Proceeds from disposal of other investment	10	-
Proceeds from disposal of property, plant and equipment	1,572	2,013
Proceeds from disposal of investment properties	378	-
Purchase of property, plant and equipment	(66,566)	(36,180)
Redevelopment/refurbishment/purchase of investment properties	(4,785)	(15,940)
	-----	-----
Net cash used in investing activities	(68,993)	(47,300)
	-----	-----
Cash flows from financing activities		
Dividends paid to shareholders of the Company and minority interests	(33,773)	(33,568)
Proceeds from bank borrowings	217,116	187,118
Issue of shares pursuant to ESOS exercised	204	5
Shares repurchased at cost	-	(2,312)
	-----	-----
Net cash generated from financing activities	183,547	151,243
	-----	-----
Net increase in cash and cash equivalents	(25,642)	14,539
Effects on exchange rate changes	(302)	(694)
Cash and cash equivalents at beginning of period	36,738	(2,115)
	-----	-----
Cash and cash equivalents at end of period	10,794	11,730
	=====	=====

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

Deposits with licensed banks	9,182	4,555
Cash in hand and at bank	45,011	38,936
Bank overdrafts	(43,399)	(31,761)
	-----	-----
	10,794	11,730
	=====	=====

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) 134₂₀₀₄ “Interim Financial Reporting”

1. Basis of Preparation

This interim financial report has been prepared in accordance with the requirements of FRS 134₂₀₀₄ “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 and year to date were reduced by RM153,000 and RM459,000 respectively 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.



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

(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 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 Quarter Ended 31.10.2005 →				← Cumulative Quarter Ended 31.10.2005 →			
	As	← Adoption of →		As	As	← Adoption of →		As
	previously reported RM'000	FRS 101 Note 2(c) RM'000	FRS 140 Note 2(d) RM'000	restated RM'000	previously reported RM'000	FRS 101 Note 2(c) RM'000	FRS 140 Note 2(d) RM'000	restated RM'000
Operating expenses	(330,594)	-	(348)	(330,942)	(978,594)	-	(1,046)	(979,640)
Operating profit	53,640	-	(348)	53,292	126,230	-	(1,046)	125,184
Share of profit of associates	49	(26)	-	23	1,384	(1,135)	-	249
Profit before taxation	44,605	(26)	(348)	44,231	101,954	(1,135)	(1,046)	99,773
Tax expense	(10,041)	26	4	(10,011)	(28,482)	1,135	12	(27,335)
Profit for the period	34,564	-	(344)	34,220	73,472	-	(1,034)	72,438
Profit for the period attributable to equity holders of the parent	30,995	-	(344)	30,651	65,370	-	(1,034)	64,336
Earnings per share (sen)								
- Basic	5.26	-	(0.06)	5.20	11.09	-	(0.18)	10.91
- Fully diluted	5.26	-	(0.06)	5.20	11.09	-	(0.18)	10.91



3. **Comparatives** (Cont'd)

(b) **Condensed Consolidated Balance Sheet**

	← As at 31.1.2006 →		
	As previously reported RM'000	Adoption of FRS 140 Note 2(d) RM'000	As restated 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 RM'000	Adoption of FRS 140 Note 2(d) RM'000	As restated RM'000
	Distributable reserves at 1 February 2005	786,784	(1,263)
Distributable reserves at 31 October 2005	822,441	(2,297)	820,144

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

	← Period ended 31.10.2005 →			
	As previously reported RM'000	← Adoption of →		As restated RM'000
		FRS 101 Note 2(c) RM'000	FRS 140 Note 2(d) RM'000	
Profit before taxation	101,954	(1,135)	(1,046)	99,773
Non-cash items	20,090	-	1,046	21,136
Non-operating items	(1,970)	1,135	-	(835)

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 Cyclicity 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 and third 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) The monthly breakdown of shares bought back and treasury shares cancelled during the quarter under review are as follows:-

Month	No of shares Purchased	Purchase price per share		Average cost Per share	Total cost	No of shares Cancelled
		Lowest	Highest			
	RM	RM	RM	RM	RM	
August 2006	-	-	-	-	-	100,000
September 2006	-	-	-	-	-	-
October 2006	-	-	-	-	-	-
Total	-	-	-	-	-	100,000

During the current quarter under review, there was no buyback of shares or resale of treasury shares. All the shares bought back were retained as treasury shares and 100,000 treasury shares were cancelled during the current quarter.

(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, the Company had allotted and issued 100,000 new ordinary shares of RM1.00 each pursuant to the ESOS simultaneous with the aforementioned cancellation of treasury shares in (a) above.

(c) As at 31 October 2006, the Company has 33,704,500 ordinary shares held as treasury shares after a cumulative cancellation of 2,949,000 shares. Simultaneous with the aforementioned cancellation of treasury shares, as at 31 October 2006, the Company had allotted and issued a cumulative total of 2,949,000 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 31 October 2006, options granted to subscribe for 4,495,000 ordinary shares of RM1.00 each pursuant to the ESOS remained unexercised.

9. Dividends Paid

The total dividends paid out of the shareholders' equity for the ordinary shares are as follows:

	Cumulative Quarter Ended	
	31.10.2006	31.10.2005
	RM'000	RM'000
Dividend paid in respect of financial year ended 31 January 2005:		
- final (3.5 sen less tax) paid on 18 July 2005	-	14,866
Dividend paid in respect of financial year ended 31 January 2006:		
- interim (3.5 sen less tax) paid on 28 October 2005		14,845
- final (3.5 sen less tax) paid on 15 August 2006	14,839	-
Dividend paid in respect of financial year ended 31 January 2007:		
- interim (3.5 sen less tax) paid on 31 October 2006	15,048	-
	-----	-----
	29,887	29,711
	=====	=====



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 31 October 2006							
Revenue							
External revenue	976,001	36,450	194,951	98,391	398	-	1,306,191
Inter-segment revenue	49,590	-	-	6,392	-	(55,982)	-
Total revenue	1,025,591	36,450	194,951	104,783	398	(55,982)	1,306,191
Result							
Operating profit	27,300	25,897	80,697	26,385	(12,419)	(9,853)	138,007
Period Ended 31 October 2005							
Revenue							
External revenue	773,864	24,521	188,532	111,517	329	-	1,098,763
Inter-segment revenue	36,175	-	-	4,242	-	(40,417)	-
Total revenue	810,039	24,521	188,532	115,759	329	(40,417)	1,098,763
Result							
Operating profit	21,511	15,863	80,730	27,303	(12,737)	(7,486)	125,184

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 event subsequent to the end of the current quarter and up to 8 December 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

During the quarter under review, the changes in composition of the Group are as follows:

- a) On 30 August 2006, the Company acquired from its wholly-owned subsidiary, Euro-Asia Food & Beverage (Bermuda) Limited, the entire issued and paid-up share capital of Euro-Asia Brand Holding Company Sdn Bhd comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00. The aforementioned re-organisation was announced by the Company on even date.
- b) On 30 August 2006, Euro-Asia Food & Beverage (Bermuda) Limited disposed of its entire shareholding in Euro-Asia (South) BVI Investment Limited for a cash consideration of RM1.00. The aforementioned disposal was announced by the Company on even date.

The above changes in the composition of the Group do not have any significant financial effect on the Group.



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 8 December 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 31.10.2006	As at 31.1.2006
	RM'000	RM'000
Guarantees to and contingencies relating to borrowings of subsidiaries in respect of balances outstanding	1,001,614 =====	748,176 =====

15. Capital Commitments

The Group has the following capital commitments:

	As at 31.10.2006	As at 31.1.2006
	RM'000	RM'000
Contracted but not provided for in this report	37,422	23,269
Authorised but not contracted for	113,257	116,222
	----- 150,679 =====	----- 139,491 =====

16. Significant Related Party Transactions

During the current quarter under review and up to 8 December 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 26 July 2006, except for the following:

On 24 November 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 S350 SEL motor vehicle ["the said Vehicle"] to Samling Strategic Corporation Sdn Bhd ["Samling"] at the sale price of RM1,051,702.00. 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. Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak is a major shareholder of the Company by virtue of his substantial shareholding in Gek Poh (Holdings) Sdn Bhd, the holding company of the Company. His daughter, Lau Soo Lui, has a deemed 100% interest in Samling. Hence, Datuk Seri Panglima Lau Cho Kum @ Lau Yu Chak is deemed interested in the aforesaid sale of the said Vehicle between SKI and Samling. 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

Revenue for the current quarter ended 31 October 2006 at RM434.7 million was 14% higher than the preceding year corresponding quarter mainly due to higher sales achieved by all Divisions within the Group other than Property Division. Group Operating Profit for the current quarter at RM59.9 million was 12% higher than the preceding year corresponding quarter.

Plantation Division's operating profit was in line with the preceding year corresponding quarter results. Improved Crude Palm Oil (CPO) average price of RM1,488 (2005/2006: RM1,349) was offset by higher replanting costs and lower FFB production attributable to lower mature area due to replanting.

The Automotive Division continued to benefit from firmer heavy duty truck and spare parts sales in East Malaysia. Credit Financing Division's Loan Portfolio was further expanded whilst the Quarry and Building Materials Division improvements in its quarries' production efficiencies have contribute positively to the Division's year to date performance. Sasco Fertilizer Trading Division continued to operate in very competitive market conditions and achieved higher sales volume in both the Malaysian and Indonesian market.

Property Division results were 29% below the preceding year corresponding quarter, influenced by the timing effect of progress work to date and deferment of certain property development projects.

Financing costs increased over the preceding year corresponding quarter due to comparatively higher interest rates and growth in assets employed in the Property, Credit Financing, Sasco Fertilizer Trading, Automotive and Quarry and Building Materials Divisions.

Overall, profit before taxation for the current quarter at RM46.0 million was 4% higher than the preceding year corresponding quarter.

Basic earnings per share for the year to date attributable to shareholders at 11.07 sen was marginally higher than the preceding year corresponding period of 10.91 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 RM46.0 million was 92% higher than the preceding quarter of RM23.9 million mainly due to comparatively higher contribution from Plantation Division which benefited from the higher CPO average price and higher sales volume. Improved performances were also recorded at Sasco Fertilizer Trading and Credit Financing Divisions. Sasco Fertilizer Trading Division benefited from the higher sales volume whilst Credit Financing Division improvement was in tandem with the higher loan portfolio.

3. Current Year Prospects

The Group anticipates the present challenging trading conditions to continue especially in Sasco Fertilizer Trading and the Automotive Divisions. Nevertheless, the Group performance is likely to be mainly influenced by Crude Palm Oil price realisations.

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	
	31.10.2006	31.10.2005	31.10.2006	31.10.2005
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- Income tax	12,358	11,200	30,139	28,706
- deferred tax	674	412	(366)	201
	-----	-----	-----	-----
	13,032	11,612	29,773	28,907
In respect of prior year				
- Income tax	(1,902)	(1,601)	(2,258)	(1,601)
Real property gains tax				
- current period	6	-	6	-
- prior period	-	-	36	29
	-----	-----	-----	-----
	11,136	10,011	27,557	27,335
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter and year to date excluding over provision of tax in respect of prior year and real property gains tax were higher than the statutory tax rate due to certain expenses being disallowed for tax purposes.

The Group's effective tax rate for the preceding year corresponding quarter was lower than the statutory tax rate due to tax credit on dividends received from subsidiary under Section 110 of the Income Tax Act, 1967 which are refundable to the Group. The effective tax rate for the preceding year corresponding period was higher than the statutory tax rate due to certain expenses being 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 and financial year to date except for the disposal of the Company's entire shareholding of 64,600 shares in Vox Emas Communications Sdn Bhd for cash consideration of RM10,000 which has resulted in a gain on disposal of RM9,999 to the Group in the first quarter.

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 and financial year to date 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
	31.10.2006	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	30,017	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 8 December 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 31.10.2006	As at 31.1.2006
	RM'000	RM'000
Short term - Bankers acceptances	308,865	266,949
- Bank overdrafts	43,399	7,077
- Revolving credits	379,400	204,200
- Term loans	30,000	-
	-----	-----
	761,664	478,226
Long term - Term loans	389,950	419,950
	-----	-----
	1,151,614	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 8 December 2006 being a date not earlier than 7 days from the date of this report are:

	Contracted Amount	Fair Value
	RM'000	RM'000
Forward foreign exchange contracts	108,344	106,913
	=====	=====

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.



11. Material Litigation (Cont'd)

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.

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	
	31.10.2006	31.10.2005	31.10.2006	31.10.2005
Profit for the period attributable to equity holders of the parent (RM'000)	30,783	30,651	65,188	64,336
Basic earnings per share (sen)	5.23	5.20	11.07	10.91
Diluted earnings per share * (sen)	5.23	5.20	11.07	10.91
Based on weighted average number of ordinary shares ('000):				
- for Basic earnings per share	588,906	589,558	588,906	589,558
Adjustment for share options	(690)	(166)	(690)	(166)
- for Diluted earnings per share	588,216	589,392	588,216	589,392

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

13. Dividends

The Board of 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
 14 December 2006