

DIJAYA CORPORATION BERHAD (47908-K)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2006*(The figures have not been audited)***CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	Individual Period		Cumulative Periods	
		Current Year	Preceding Year	Current Year	Preceding Year
		<u>31/3/06</u>	<u>31/3/05</u>	<u>31/3/06</u>	<u>31/3/05</u>
		RM'000	RM'000	RM'000	RM'000
Revenue		32,088	55,357	32,088	55,357
Cost of sales		(19,122)	(35,210)	(19,122)	(35,210)
Gross profits		12,966	20,147	12,966	20,147
Other income		6,707	3,679	6,707	3,679
Administrative and other expenses		(10,551)	(10,154)	(10,551)	(10,154)
Finance costs		(318)	(441)	(318)	(441)
Share of results of associated companies		326	283	326	283
Profit before tax	A9	9,130	13,514	9,130	13,514
Taxation	B5	(2,430)	(1,756)	(2,430)	(1,756)
Company and subsidiaries		(2,348)	(1,685)	(2,348)	(1,685)
Associates		(82)	(71)	(82)	(71)
Profit for the period		6,700	11,758	6,700	11,758
Attributable to:					
Equity holders of the parent		5,826	10,844	5,826	10,844
Minority interest		874	914	874	914
		6,700	11,758	6,700	11,758
Earnings per share attributable to equity holders of the parent:					
Basic, for profit for the period (sen)	B13	2.2	4.2	2.2	4.2

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2006*(The figures have not been audited)***CONDENSED CONSOLIDATED BALANCE SHEET**

	Note	As At 31/3/2006 RM'000	As At 31/12/2005 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A10	275,620	276,855
Land held for property development		42,739	39,878
Intangible assets		3,913	(14,015)
Investment in associates		46,404	46,159
Other investments	B7	26,244	24,244
Security retainers accumulation fund		2,332	2,332
		<u>397,252</u>	<u>375,453</u>
Current assets			
Property development costs		311,710	301,034
Inventories		30,030	28,561
Trade receivables		34,088	37,323
Other receivables		11,682	7,287
Marketable securities	B7	18,244	19,450
Cash and bank balances		140,981	161,745
		<u>546,735</u>	<u>555,400</u>
TOTAL ASSETS		<u>943,987</u>	<u>930,853</u>

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	Note	As At 31/3/2006 RM'000	As At 31/12/2005 RM'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		259,526	259,526
Reserves		276,641	252,888
		<u>536,167</u>	<u>512,414</u>
Minority Interests		69,580	68,706
Total equity		<u>605,747</u>	<u>581,120</u>
Non-current liabilities			
Provision for liabilities		5,700	5,700
Deferred taxation		86,140	86,768
Sinking fund reserve		3,877	3,524
Security retainers		27,370	27,370
Deferred license fees		67,073	66,933
		<u>190,160</u>	<u>190,295</u>
Current liabilities			
Provision for liabilities		445	445
Short term borrowings	B9	25,348	24,082
Trade payables		37,407	66,982
Other payables		76,027	56,576
Tax payable		8,853	11,353
		<u>148,080</u>	<u>159,438</u>
Total liabilities		<u>338,240</u>	<u>349,733</u>
TOTAL EQUITY AND LIABILITIES		<u>943,987</u>	<u>930,853</u>
Net assets per share (RM) **		<u>2.07</u>	<u>1.97</u>

** Net assets per share attributable to ordinary equity holders of the parent is computed as Total Equity (excluding Minority Interests) divided by total number of ordinary shares in circulation.

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2006*(The figures have not been audited)***CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Note	<-----Attributable to equity holders of the Parent----->						
	<---Non-distributable--->			Accumulated Losses	Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Other Reserves				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2005	259,526	402,654	365	(173,371)	489,174	61,363	550,537
Net profit for the period				10,844	10,844	914	11,758
Foreign exchange differences, representing net expense recognised directly in equity			(349)		(349)		(349)
As at 31 March 2005	259,526	402,654	16	(162,527)	499,669	62,277	561,946
As at 1 January 2006	259,526	402,654	18	(149,784)	512,414	68,706	581,120
Effects of adopting: FRS 3				17,927	17,927		17,927
	259,526	402,654	18	(131,857)	530,341	68,706	599,047
Net profit for the period	-	-	-	5,826	5,826	874	6,700
Foreign exchange differences, representing net expense recognised directly in equity	-	-	-	-	-	-	-
As at 31 March 2006	259,526	402,654	18	(126,031)	536,167	69,580	605,747

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2006*(The figures have not been audited)***CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Quarter ended	
	31/3/06	31/3/05
	RM'000	RM'000
Net cashflow generated from operating activities	(26,693)	41,632
Net cashflow from investing activities	4,525	632
Net cashflow used in financing activities	(318)	(13,941)
Net increase in cash and cash equivalents	(22,486)	28,323
Cash and cash equivalents at beginning of financial period	160,186	131,863
Cash and cash equivalents at end of financial period *	137,700	160,186

* Cash and cash equivalents at end of the financial period comprise the following:

	Quarter ended	
	31/3/06	31/3/05
	RM'000	RM'000
Cash and bank balances	140,981	161,745
Less: Bank overdrafts	(2,288)	(1,239)
	138,693	160,506
Less: Cash and cash equivalents not available for use	(993)	(320)
	137,700	160,186

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2006

NOTES

Part A - Explanatory notes pursuant to FRS 134

A1. Basis of preparation

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

These interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2005.

A2. Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006:

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

New/revised FRSs which would be adopted from the financial period beginning 1 January 2007 are:

FRS 117	Leases
FRS 124	Related Party Disclosures

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A2. Changes in accounting policies (Cont'd)

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

(a) FRS 2: Share-based payment

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company operates an equity-settled, share-based compensation plan for the employees of the Group, the Dijaya Corporation Berhad Employee Share Options Scheme ("ESOS"). Prior to 1 January 2006, no compensation expense was recognised in profit or loss for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in profit or loss 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. The fair value of the share options is computed using a binomial model. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

(b) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138.

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit or loss and subsequent reversal is not allowed. Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of twenty (20) years.

The transitional provisions of FRS 3, however, have required the Group to eliminate at 1 January 2006 the carrying amount of the accumulated amortisation of RM10,375,000 against the gross amount of goodwill. The carrying amount of goodwill as at 1 January 2006 of RM3,913,000 ceased to be amortised. This has the effect of reducing the amortisation charges by RM112,000 in the current quarter ended 31 March 2006.

Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognised immediately in profit or loss. Prior to 1 January 2006, negative goodwill was amortised over the average useful life of the non-monetary assets acquired, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases, it was recognised in profit or loss as those expected losses were incurred. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM17,927,000 was derecognised with a corresponding increase in retained earnings.

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A2. Changes in accounting policies (Cont'd)

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

The Group has applied FRS prospectively in accordance with its transitional provisions, which has resulted in a change in accounting policy on the recognition of a discontinued operation. Prior to 1 January 2006, under the previous FRS 135, the Group would have recognised a discontinued operation at the earlier of the date the Group enters into a binding sale agreement and the date the board of directors have approved and announced a formal disposal plan. FRS 5 require a component of an entity to be classified as discontinued when the criteria to be classified as held for sale have been met or it has been disposed of. Such a component represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of the component, or is a subsidiary acquired exclusively with a view to resale. The result of this change in accounting policy is that a discontinued operation is recognised by the Group at a later point than under the previous FRS 135 due to the stricter criteria in FRS 5.

An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The assets and liabilities of a discontinued operation (a disposal group) that are classified as held for sale are measured in accordance with FRS 5. Immediately before classification as held for sale, the carrying amounts of all the assets and liabilities in the disposal group are measured in accordance with applicable FRSS. Then, on initial classification as held as sale, the disposal group is recognised at the lower of carrying amount and fair value less costs to sell.

(d) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results 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 or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosures, 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.

The current period's presentation of the Group's financial statements is based on the revised requirement of FRS 101, with the comparatives restated to conform with the current period's presentation.

(e) FRS 121: The Effects of Changes in Foreign Exchange Rates

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

Under the revised FRS 121, exchange differences arising on a monetary item that form 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 recognised in profit or loss in the consolidated financial statements. Previously, such exchange differences were taken to equity.

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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2006

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A3. Auditors' report on preceding annual financial statements

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

A4. Comments about seasonal or cyclical factors

The Group's performance is not significantly affected by any seasonal/ cyclical factor.

A5. Nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review except as disclosed in Note A2.

A6. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial year

The Group makes assumptions concerning the future and other sources of estimation uncertainty at the balance sheet date during its review for impairment of goodwill and depreciation.

The key assumptions and other key sources of estimation uncertainty mentioned above that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in respect of those made during the review of impairment of goodwill. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2006 was RM3,913,000.

There were no changes in estimates that have had material effect in the current quarter and year-to-date results.

A7. Debt and equity securities

There were no issuances and repayment of debts and equity securities, share repurchases, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period.

A8. Dividends paid

There was no dividend payment during the quarter ended 31 March 2006.

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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2006**NOTES****A9. Segmental information**

Business segment analysis	Real property and resort development RM'000	Engineering and trading RM'000	Investment RM'000	Others RM'000	Consolidated RM'000
<u>Results for YTD ended 31/03/2006</u>					
Segment revenue	23,449	8,513	126	-	32,088
Segment results from operations	9,053	247	(178)	-	9,122
Finance cost	-	(60)	(258)	-	(318)
Share of results of associates	-	-	326	-	326
Consolidated profit/ loss before tax	9,053	187	(110)	-	9,130
<u>Results for YTD ended 31/03/2005</u>					
Segment revenue	49,293	6,018	46	-	55,357
Segment results from operations	13,084	136	103	349	13,672
Finance cost	(59)	(23)	(359)	-	(441)
Share of results of associates	-	-	283	-	283
Consolidated profit/ loss before tax	13,025	113	27	349	13,514

A10. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendment from the audited financial statements for the year ended 31 December 2005.

A11. Subsequent events

The Company had on 12 April 2006 entered in a Sale of Shares Agreement ("SSA") to dispose of the entire equity interest of the Company in Ikatan Engineering Sdn Bhd ("IESB") comprising 4,004,165 ordinary shares of RM1.00 each, representing approximately 80.1% of the issued and paid-up share capital of IESB for a cash consideration of Ringgit Malaysia Four Million (RM4,000,000.00) only. The disposal is expected to be completed within six months from the date of the SSA. Upon completion of the disposal, IESB shall cease to be a subsidiary of the Company.

A12. Changes in composition of the Group

There were no changes in the composition of the Group during the financial year-to-date ended 31 March 2006.

A13. Changes in contingent liabilities or contingent assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2005.

A14. Capital commitments

There were no capital commitments not provided for in the financial statements as at 31 March 2006.

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of performance

For the current quarter under review, the Group registered a profit before taxation of RM9.3 million as compared to RM13.5 million in last year's corresponding quarter. The lower pre-tax profit which was attributed to a 42% decrease in Group revenue was mitigated by improved margin on earnings, higher share of profits from associated company and lower finance costs.

The lower revenue was mainly due to timing of income recognition from the various on-going property development projects. The progressive completion of these projects are expected to drive revenue growth in the coming quarters.

Profit after taxation was 43% lower at RM6.7 million for the first quarter of 2006, contributing to lower earnings per share of 2.2 sen against 4.2 sen achieved last year.

B2. Variation of results against preceding quarter

	Quarter ended	
	31/3/06	31/12/05
	RM'000	RM'000
Revenue	32,088	78,610
Consolidated profit before taxation	9,130	16,431

The Group recorded lower revenue and profit before tax for the current quarter as compared to the preceding quarter ended 31 December 2005 primarily due to the timing of income recognition from the Group's property development projects.

B3. Prospects for remaining quarters up to 31 December 2006

Competition in the property development industry is expected to further intensify with more new entrants amidst the already competitive operating environment. However, the Group continues to be positive of the industry's growth and will continue to develop new and innovative products to differentiate itself from others in the market.

Barring any unforeseen circumstances, the results of the Group for the remaining quarters up to 31 December 2006 is expected to be satisfactory.

B4. Profit forecast or profit guarantee

Not applicable.

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	Individual quarter ended		Year to date ended	
	31/3/06	31/3/05	31/3/06	31/3/05
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	2,976	3,774	2,976	3,774
Deferred taxation transfers	(628)	(2,089)	(628)	(2,089)
	2,348	1,685	2,348	1,685
Share of taxation of associated company	82	71	82	71
	2,430	1,756	2,430	1,756

The effective taxation rates were disproportionate to its financial results principally due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for taxation purposes.

B6. Sale of unquoted investments and properties

There was no sale of unquoted investments and/or properties outside the ordinary course of the Group's business for the financial period under review.

B7. Quoted securities

Details of purchases and disposals of quoted securities are as follows:

	Current quarter 31/3/06 RM'000	Current year to date 31/3/06 RM'000
Total purchases	-	-
Total disposals	477	477
Total gain/ (loss) on disposals	164	164

Details of investments in quoted securities:

	As at 31/3/06 RM'000	As at 31/12/05 RM'000
At cost	114,892	116,385
At carrying value/ book value	44,169	43,694
At market value	55,239	43,694

B8. Status of corporate proposals

As announced previously, Sinbor Corporation Sdn Bhd ("Sinbor"), an indirect wholly-owned subsidiary of the Company had entered into a Call and Put Option Agreement ("Option Agreement") with Dyno Nobel ASA in respect of 3,360,000 shares in Tenaga Kimia Bhd ("TKB") held by Sinbor at a price of RM1.50 per share. Pursuant to TKB's withdrawal from its proposed listing exercise on the Second Board of Bursa Malaysia Securities Berhad, the parties are working towards terminating the said Option Agreement.

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	As at 31/3/06 RM'000	As at 31/12/05 RM'000
Secured short-term borrowings	25,348	24,082
Secured long-term borrowings	-	-
	25,348	24,082

All of the above borrowings are denominated in Ringgit Malaysia.

B10. Off balance sheet financial instruments

There were no off balance sheet arrangements entered into nor were there any off balance sheet financial instruments issued as at the date of this report.

B11. Material litigation

There has been no material litigation or claim as at the date of this report, the value of which exceeds 5% of the Group's net tangible assets.

B12. Dividend payable

The Board of Directors has declared a first and final dividend of 4% per ordinary share of RM1.00 each less 28% income tax for the year ended 31 December 2005. (2004:3%). The proposed dividend payment is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

B13. Earnings per share

(a) Basic earnings per ordinary share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	Individual quarters ended		Year to date ended	
	31/3/06	31/3/05	31/3/06	31/3/05
Profit attributable to ordinary equity holders of the parent (RM'000)	5,826	10,844	5,826	10,844
Weighted average number of ordinary shares in issue ('000)	259,526	259,526	259,526	259,526
Basic earnings per share (sen)	2.2	4.2	2.2	4.2

(b) Diluted earnings per ordinary share

Not applicable

B14. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 May 2006.