

BINA PURI HOLDINGS BHD

(Company No. 207184-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR SIX MONTHS ENDED 30 JUNE 2006**

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Revenue	123,544	107,407	223,386	196,345
Cost of sales	(116,533)	(97,816)	(208,642)	(177,935)
Gross profit	7,011	9,591	14,744	18,410
Other operating income	2,638	1,233	4,699	2,361
Administrative and general expenses	(6,430)	(6,240)	(13,157)	(12,386)
Profit from operations	3,219	4,584	6,286	8,385
Share of profits less losses of associated companies	46	(387)	(180)	(391)
Investment income	18	12	31	28
Finance costs	(1,728)	(1,819)	(2,964)	(3,486)
Profit before tax	1,555	2,390	3,173	4,536
Taxation	(347)	(857)	(965)	(1,631)
Profit for the period	1,208	1,533	2,208	2,905
Profit for the period attributable to:				
Equity holders of the parent	1,164	1,296	2,229	2,548
Minority interests	44	237	(21)	357
	1,208	1,533	2,208	2,905
Earnings per share attributable to equity holders of the parent:				
EPS – Basic (sen)	1.44	1.60	2.75	3.15
EPS – Diluted (sen)	-	-	-	-

(The condensed consolidated income statements should be read in conjunction with the annual financial report for YE 31 Dec 2005)

BINA PURI HOLDINGS BHD

(Company No. 207184-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET – 30 JUNE 2006

	As at financial period ended 30 June 2006	As at preceding financial year ended 31 Dec 2005
	RM'000 (Unaudited)	RM'000 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	44,938	52,418
Land held for property development	19,670	10,257
Expressway development expenditure	19,308	18,625
Investment property	1,680	1,948
Prepaid lease payments	2,197	11,664
Associated companies	2,358	2,539
Other investments	1,368	1,505
Deferred tax asset	1,911	2,000
	93,430	100,956
CURRENT ASSETS		
Inventories	6,441	6,871
Property development costs	5,891	6,692
Gross amount due from customers	84,902	70,711
Trade and other receivables	310,933	285,290
Tax recoverable	2,690	2,900
Fixed and time deposits	16,451	14,415
Cash and bank balances	14,978	12,276
	442,286	399,155
CURRENT LIABILITIES		
Gross amount due to customers	2,652	1,085
Trade and other payables	135,486	178,729
Hire purchase liabilities	2,168	2,213
Tax payable	3,728	5,353
Bank borrowings	157,947	127,537
	301,981	314,917
NET CURRENT ASSETS		
	140,305	84,238
	233,735	185,194
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	80,925	80,925
Shares premium	3,288	3,288
Capital reserve (non-distributable)	15,932	15,932
Merger reserve (non-distributable)	40	40
Accumulated loss	(32,764)	(34,725)
	67,421	65,460
MINORITY INTERESTS		
	10,758	10,779
TOTAL EQUITY		
	78,179	76,239
NON-CURRENT AND DEFERRED LIABILITIES		
Hire purchase and finance lease liabilities	4,099	3,242
Bank term loans	150,454	104,490
Deferred tax liabilities	1,003	1,223
	155,556	108,955
	233,735	185,194
Net assets per share attributable to ordinary equity holders of the parent (RM)		
	0.8331	0.8089

(The condensed consolidated balance sheet should be read in conjunction with the annual financial report for year ended 31 Dec 2005)

BINA PURI HOLDINGS BHD

(Company No. 207184-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2006**

			Non-distributable		(Accumulated Loss)	Minority Interests	Total
	Share Capital	Share Premium	Merger Reserve	Capital Reserve			
30 June 2006	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As previously stated	80,925	3,288	40	15,932	(34,725)	10,779	76,239
Effects in adopting FRS 140					(268)		(268)
	80,925	3,288	40	15,932	(34,993)	10,779	75,971
Net profit for the period					2,229	(21)	2,208
Balance at 30 June 2006	80,925	3,288	40	15,932	(32,764)	10,758	78,179

			Non-distributable		(Accumulated Loss)	Minority Interests	Total
	Share Capital	Share Premium	Merger Reserve	Capital Reserve			
30 June 2005	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 Jan 2005	80,727	3,288	40	15,932	(37,031)	12,002	74,958
Net profit for the period					2,548	357	2,905
Dividend paid to minority interests						(425)	(425)
Issue of shares from exercise of share options	195						195
Balance at 30 June 2005	80,922	3,288	40	15,932	(34,483)	11,934	77,633

(The condensed consolidated statements of changes in equity should be read in conjunction with the annual financial report for year ended 31 Dec 2005)

BINA PURI HOLDINGS BHD

(Company No. 207184-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	Current year To date 30 June 2006 RM'000	Preceding year corresponding period 30 June 2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	3,173	4,554
<i>Adjustments for:</i>		
Non-cash items	3,054	5,398
Non-operating items	3,657	3,239
Operating profit before changes in working capital	9,884	13,191
Changes in inventories	430	417
Changes in property development	801	516
Changes in receivables	(38,853)	(53,784)
Changes in payables	(41,540)	(11,306)
Cash utilised in operating activities	(69,278)	(50,966)
Expressway development expenditure	(683)	(3,304)
Interest paid	(3,752)	(2,714)
Tax paid	(2,511)	(1,710)
Net cash flows from operating activities	(76,224)	(58,694)
CASH FLOWS FROM INVESTING ACTIVITIES		
Equity investments	-	(4)
Other investments	4,248	(3,773)
	4,248	(3,777)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown / (repayment) of bank borrowings	76,207	41,985
Payment of hire purchase instalments	(1,556)	(1,595)
Hire purchase term charges paid	(193)	(51)
Issuance of shares	-	194
Dividend paid to minority interests	-	(425)
	74,458	40,108
NET CHANGES IN CASH AND CASH EQUIVALENTS	2,482	(22,363)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(12,711)	3,527
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(10,229)	(18,836)

(The condensed consolidated cash flow statements should be read in conjunction with the annual financial report for year ended 31 Dec 05)

Bina Puri Holdings Bhd

(Company No. 207184-X)
(Incorporated in Malaysia)

PART A : Explanatory notes pursuant to FRS 134

A1. Basis of preparation

The consolidated interim financial statements are unaudited and have been prepared in accordance with FRS 134: “Interim Financial Reporting” and Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group’s financial statements for 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 the 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 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

In addition to the above, the Group has also taken the option of early adoption of the following new / revised FRSs for the period beginning 1 January 2006:

FRS 117	Leases
FRS 124	Related party disclosures

The adoption of 3, 5,102,108, 110, 116, 121, 124, 127, 128, 131, 132, 133, 136 and 138 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 discussed below:

I. FRS 2 : Share-based payment

This FRS requires an entity to recognize share based payment transactions in the financial statements.

The Company operates a share-based compensation plan for the employees of the Group, the Bina Puri Holdings Bhd's Employees Share Options Scheme ("ESOS"). Prior to 1 January 2006, no compensation expense was recognized in profit or loss for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognized in profit or loss over the vesting period of the grants with the corresponding increase in equity. The total amount to be recognized as compensation expense is determined by reference to the fair value of the share options at date of the grant and the number of share options to be vested by vesting date. At balance sheet date, the Group revises its estimate is included in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

Under the transitional provisions of FRS 2, this FRS must be applied to share options that were granted after 31 December 2004 and had not yet vested on 1 January 2006. This does not resulted in any financial impact to the Group because the share options were granted by the Group before 31 December 2004.

II. FRS 101 : Presentation of financial statements

The adoption of FRS 101 has no financial impact on the Group but affected the presentation of minority interests, share of net after-tax results of associates and certain disclosures. Minority interests are now presented within total equity in the consolidated balance sheet and as an allocation from net profit for the period in the consolidated income statement. The movements of the minority interests are now presented in the consolidated statement of changes in equity. The share of associates' results is now presented net of tax in the consolidated income statement.

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

III. FRS 117 : Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Prior to 1 January 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

Upon adoption of the revised FRS 117 at 1 January 2006, the reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively.

IV. FRS 140 : Investment property

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value, representing open-market value. Gain or losses arising from changes in the fair values of investment properties are recognized in profit or loss in the period in which they arise. Prior to 1 January 2006, investment properties were stated at cost less depreciation.

In accordance with the transitional provision of FRS 140, this change in accounting policy is applied prospectively and the comparative as at 31 December 2005 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2006:

	As at 1 Jan 2006
	RM'000
Increase in accumulated loss	268
Decrease in investment property	(268)

A3. Audit qualification

The financial statements of the Group for the year ended 31 December 2005 were not subject to any audit qualification.

A4. Seasonal or cyclical factors

The business operations of the Group are not significantly affected by seasonal or cyclical factors.

A5. Exceptional items

There were no exceptional items for the financial period under review.

A6. Changes in estimates

There was no material changes in estimates of the amounts reported in prior interim period of the current financial year or in prior financial years.

A7. Issuances and repayments of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial period.

A8. Dividend paid

The final dividend of 2% less 28% tax amounting to RM1,165,314 for the financial year ended 31st December 2005 was paid on 18th July 2006.

A9. SEGMENTAL ANALYSIS

(a) Primary reporting format - business segment

The Group's operations comprise the following business segments:

- (i) Construction - contractor of earthworks, building and road construction
- (ii) Property development - property developer
- (iii) Polyol manufacturing - manufacturer of polyol
- (iv) Quarry and ready mix concrete - quarry operator and producer of ready mix concrete

30 June 2006	Construction	Property development	Polyol manufacturing	Quarry and ready mix concrete	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
External sales	183,871	2,422	8,336	28,757	-	-	223,386
Inter-segment sales	183	-	5	1,543	-	(1,731)	-
	-----	-----	-----	-----	-----	-----	-----
Total revenue	184,054	2,422	8,341	30,300	-	(1,731)	223,386
	=====	=====	=====	=====	=====	=====	=====
RESULTS							
Segment operating profit/(loss)	5,542	276	41	640	(42)	(171)	6,286
Investment income	1,733	-	-	-	1,050	(2,752)	31
Finance costs	(2,743)	-	(39)	(182)	-	-	(2,964)
Share of associated companies' profits less losses	34	-	-	(214)	-	-	(180)
	-----	-----	-----	-----	-----	-----	-----
Profit before taxation	4,566	276	2	244	1,008	(2,923)	3,173
	=====	=====	=====	=====	=====	=====	=====

30 June 2005	Construction	Property development	Polyol manufacturing	Quarry and ready mix concrete	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	REVENUE						
External sales	161,983	5,050	8,267	21,045	-	-	196,345
Inter-segment sales	166	-	367	9,902	-	(10,435)	-
	-----	-----	-----	-----	-----	-----	-----
Total revenue	162,149	5,050	8,634	30,947	-	(10,435)	196,345
	=====	=====	=====	=====	=====	=====	=====
RESULTS							
Segment operating profit/(loss)	6,565	703	311	1,280	(474)	-	8,385
Investment income	28	-	-	-	-	-	28
Finance costs	(3,204)	-	(26)	(199)	(57)	-	(3,486)
Share of associated companies' profits less losses	11	-	-	(402)	-	-	(391)
	-----	-----	-----	-----	-----	-----	-----
Profit before taxation	3,400	703	285	679	(531)	-	4,536
	=====	=====	=====	=====	=====	=====	=====

(b) Secondary reporting – geographical segment

No secondary reporting geographical segment is presented as the Group operates mainly in Malaysia.

A10. Valuations of property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. The valuations of property, plant and equipment have been brought forward without any amendments from the previous annual financial statements.

A11. Events subsequent to the end of the period

In the opinion of the directors, there has not arisen in the interval between 1 April 2006 and the date of the announcement any item, transaction or event of a material and unusual nature likely to affect substantially the result of the Group.

A12. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial period ended 30 June 2006 except for:-

- i. The Company increased its equity interest in Bina Puri HG Corporation Sdn Bhd by acquiring an additional 100,000 ordinary shares of RM1 each, representing the remaining 40% of the issued and paid-up share capital of Bina Puri HG Corporation Sdn Bhd at a cash consideration of RM1 on 28 March 2006. Consequently, Bina Puri HG Corporation Sdn Bhd became a wholly-owned subsidiary of the Company.
- ii. On 10 April 2006, the Company acquired sixty ordinary shares of RM1 each in Aerohills Construction Sdn Bhd representing 60% of the total issued and paid up share capital for a total consideration of RM60.

A13. Changes in contingent liabilities or contingent assets

The changes in contingent liabilities since 31 December 2005 were as follows:

	31 Dec 05	Changes	22 Aug 06
	RM'000	RM'000	RM'000
Guarantees given to secure hire purchase credit liability of associated companies	314	(38)	276
Guarantees given to an associated company to purchase shoplot	90	(5)	85
Guarantees given in favour of the Government of Malaysia for financial assistance under the Industry Research and Development Grant Scheme to a subsidiary company	546	316	862
	----- 950 =====	----- 273 =====	----- 1,223 =====

B : Additional notes to Bursa Malaysia Securities Berhad listing requirements

B1. Review of performance of the company and its principal subsidiaries

For the financial period ended 30 June 2006, the Group achieved a revenue of RM223.386 million and profit before tax of RM3.173 million as compared to the previous corresponding period of RM196.345 million and RM4.536 million respectively.

The construction division achieved a revenue of RM184.054 million and profit before tax of RM4.566 million as compared to the previous corresponding period of RM162.149 million and RM3.400 million respectively. The increase in revenue was mainly due to commencement of proposed New Dewan Undangan Negeri Complex at Petra Jaya, Kuching, Sarawak.

The property division recorded a revenue of RM2.422 million and profit before tax of RM276,000 as compared to the previous corresponding period of RM5.050 million and RM703,000 respectively. The performance of this division remains satisfactory.

The quarry and ready mix concrete division recorded a revenue of RM30.300 million and profit before tax of RM0.244 million as compared to the previous corresponding period of RM30.947 million and RM0.679 million respectively. The performance of this division was affected by the poor performance of the associated company.

The polyol division achieved a revenue of RM8.341 million as compared to the previous corresponding period of RM8.634 million. This division was in breakeven position for the six months ended 30 June 2006 as compared to profit before tax of RM285,000 in previous corresponding period. The performance of this division was affected by the decrease in revenue as a result of the reduction in selling price and reduction in export sales from RM3.453 million in 2005 to RM2.440 million in 2006.

B2. Material changes in the quarterly results as compared with the immediate preceding quarter

During the 2nd quarter ended 30 June 2006, the Group achieved a revenue of RM123.544 million as compared to the preceding quarter of RM99.842 million, an increase of 23.7%. This was primarily due to higher billings in the 2nd quarter 2006.

The Group recorded a profit before tax of RM1.555 million for the 2nd quarter ended 30 June 2006 as compared to the preceding quarter of RM1.618 million. Despite the increase in revenue in the 2nd quarter 2006, the Group's profit before tax in the 2nd quarter 2006 was lower. This was mainly due to higher profit margin generated from certain projects during the 1st quarter of 2006.

B3. Prospects

The Group will continue to concentrate on and enhance its main core businesses. Despite the tough challenges within the highly competitive industry, the Group has successfully secured several new projects locally and in overseas such as in Thailand where we are undertaking several contracts to build low cost housing. We are looking forward to secure more overseas contracts in Thailand, Vietnam and Middle East. The current value of contract work in progress is approximately RM1.3 billion, which is expected to provide a steady stream of revenue for the Group over the next few years.

The Group will continue to carry out critical review of its various core businesses to improve operational efficiencies especially in the areas of credit, cost control and cash flow management.

B4. Profit forecast or profit guarantee

- (a) **Variance of actual profit from forecast profit**
Not applicable
- (b) **Shortfall in the profit guarantee**
Not applicable

B5. Taxation

	Individual Period		Cumulative Period	
	Current Year Quarter 30 June 2006 RM'000	Preceding Year Corresponding Quarter 30 June 2005 RM'000	Current Year To Date 30 June 2006 RM'000	Preceding Year Corresponding Period 30 June 2005 RM'000
Malaysian taxation based on the results for the period				
- Current	365	288	1,148	1,200
- Deferred	(18)	(86)	(183)	(260)
	-----	-----	-----	-----
	347	202	965	940
Under-estimation of tax in prior years	-	655	-	691
	-----	-----	-----	-----
	347	857	965	1,631
	-----	-----	-----	-----

The Group's effective taxation rate for the period was high compared to the statutory rate mainly because of the inavailability of the group relief for losses incurred by certain subsidiaries and certain expenses had been disallowed in arriving at the taxable income.

B6. Profit on sale of unquoted investments and / or properties

There were no sales of unquoted investments and properties during the financial period under review.

B7. Quoted securities

- (a) There were no acquisitions of quoted securities for the financial year ended 30 June 2006.
- (b) Total investments in quoted securities as at 30 June 2006 were as follows:

	RM'000
(i) At cost	216.2
(ii) At carrying value / book value	78.0
(iii) At market value	77.9

B8. Status of corporate proposals

There were no pending corporate proposals.

B9. Group borrowings and debt securities

The group borrowings as at 30 June 2006 are as follows:

	Total outstanding RM'000	Repayable within next 12 months (current liabilities) RM'000	Repayable after next 12 months (non-current liabilities) RM'000
(a) Long term loans			
- Secured	3,349	311	3,038
- Unsecured	-	-	-
	-----	-----	-----
Total	3,349	311	3,038
	-----	-----	-----
(b) Short term loans			
- Secured	222,116	74,700	147,416
- Unsecured	82,936	82,936	-
	-----	-----	-----
Total	305,052	157,636	147,416
	-----	-----	-----
(c) Total borrowings	308,401	157,947	150,454
	=====	=====	=====

All of the above borrowings are denominated in Ringgit Malaysia.

The increase in bank borrowings was mainly due to drawdown of loan to finance the deferred payment project during the period.

B10. Off balance sheet financial instruments

There were no material financial instruments with off balance sheet risk during the current financial period ended 30 June 2006.

B11. Changes in material litigation

The Group is involved in the following litigations:

- (i) A writ action was filed against the Company in the Shah Alam High Court by Kimpoint Sdn Bhd ("Kimpoint") for a sum of RM8,773,437.50 purportedly owed under a contract. The Company has in turn filed a counter claim against Kimpoint for the return of a sum of RM1,226,562.50. Plaintiff applied to amend their Statement of Claim and the Company had filed in our objection to their application. The matter has been fixed for mention on 28 August 2006. At this juncture the Company's directors have been advised that there is an even chance of defending the matter.
- (ii) On 10 July 2002, a subsidiary company, namely, Bina Puri Construction Sdn Bhd ("BPCSB") filed its defence against a suit initiated by Sribuan Jaya Sdn Bhd ("Sribuan") in the Kota Kinabalu High Court for work done in respect of the construction of a school building. Their claim is for the sum of RM775,961.17 and general damages to be assessed by the Court. On 19 April 2004, a pre-trial case management was held and the trial date has been fixed on 30 August 2006. The directors are advised that BPCSB has a fairly good chance of defending this suit.

- (iii) On 27 October 2000, an originating summons was filed in the Kuala Lumpur High Court by a subsidiary company, namely, Bina Puri Sdn Bhd (“BPSB”) against EP Engineering Sdn Bhd (“EP”) and Kris Heavy Engineering & Construction Sdn Bhd (“Kris Heavy”) seeking an injunction/declaration that BPSB is not a party to arbitration proceedings commenced by EP against BPSB and Kris Heavy.

On 28 February 2005, the arbitration proceedings was proceeded upon by EP for the sum of RM17,002,760, general damages, interest and cost against BPSB and Kris Heavy. The proceeding dates have been fixed for continued hearing from 28 August 2006 to 30 August 2006, 12 September 2006 to 15 September 2006, 23 October, 2006 to 3 November, 2006. The directors are advised that BPSB has an even chance of success.

- (iv) On 26 February 1999, a subsidiary company, namely, BPSB, together with a third party, namely, DPBS Holdings Sdn Bhd (collectively "the Plaintiffs") filed a writ of summons in the High Court against KKIP Sdn Bhd (“KKIP”) for the payment of a sum of RM514,407 under a progress claim for work done. The Plaintiffs, meanwhile, stopped work due to non-payment. KKIP has in turn counter-claimed against the Plaintiffs for wrongful termination and loss and damages for defective work of an unspecified sum. Trial date has been fixed by the court on 10 December 2007. The directors are advised that the Plaintiffs have a fair chance of success in the suit.
- (v) Selesa Timur Sdn Bhd (“Plaintiff”) brought an action against BPCSB for the sum of RM351,147.66 for non payment of contract claims. BPCSB has in turn filed a counter claim of RM94,569 against the Plaintiff and had served further and better particulars to the Plaintiff. Case management has been fixed on 6 November 2007. At this juncture, the directors are advised that BPCSB has an even chance of success.
- (vi) On 10 January 2005, a subsidiary of Maskimi Sdn Bhd, namely, KM Quarry Sdn Bhd (“KMQ”) brought an action against Ho Hup Construction Company Bhd (“HHCCB”) in the High Court Melaka for the payment of a sum of RM3,233,474.37, being the outstanding sum due and payable to KMQ for the supply and laying of pavement works.

KMQ filed an application for summary judgement on 4 March 2005 and the same was fixed for hearing on 22 April 2005. At the date of the hearing, the court granted KMQ application for summary judgement and on 1 August 2005, HHCCB filed their notice of appeal.

The appeal was fixed for mention on 9 November 2005. At the mention date for the appeal, Judge in Chambers has directed parties to file written submission and the matter was fixed for decision on 19 April 2006.

On 19 April 2006, Judge in Chambers delivered his decision and dismissed HHCCB’s appeal with costs to KMQ. HHCCB’s counsel for the defendant requested for a stay of execution which was fixed for hearing on 3 April 2007. KMQ has called upon the bank guarantee on 19 April 2006 and has realised the sum of RM3,233,474.37 on 20 April 2006 and succeeded in claiming the interest plus costs amounting to RM359,664.30 via a writ of seizure and sale on 9 May, 2006.

Save for the above, there was no material litigation that might adversely and materially affect the position of the Group.

B12. Dividends

The Directors approved an interim dividend of 2% less income tax at 28% for the financial year ending 31 December 2006 payable on 28 September 2006.

B13. Earnings per share

	Current Year Quarter 30 June 2006	Preceding Year Corresponding Quarter 30 June 2005	Current Year To Date 30 June 2006	Preceding Year Corresponding Period 30 June 2005
a Basic earnings per share				
Net profit for the year (RM'000)	1,164	1,296	2,229	2,548
Weighted average number of ordinary shares in issue ('000)	80,925	80,900	80,925	80,837
Basic earnings per share (sen)	1.44	1.60	2.75	3.15

b Diluted earnings per share

The diluted earnings per share for the current financial period is not disclosed as the potential ordinary shares arising from the exercise of options under the ESOS at fair value, has anti-dilutive effect.

By Order of the Board

Toh Gaik Bee
Group Company Secretary
28th August 2006