

LOH & LOH Corporation Berhad (389765 V)
(Incorporated in Malaysia)

QUARTERLY REPORT

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2004**

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | |
|---|------|-------------------------|--|-------------------------|-------------------------|
| | | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR ENDED |
| | | 30/06/04 RM'000 | 30/06/03 RM'000 | 30/06/04 RM'000 | 30/06/03 RM'000 |
| Revenue | | 40,794 | 40,005 | 76,679 | 75,061 |
| Cost of Sales | | (34,999) | (33,189) | (65,250) | (61,718) |
| Gross profit | | 5,795 | 6,816 | 11,429 | 13,343 |
| Other Operating income | | 192 | 352 | 386 | 680 |
| Administrative expenses excluding finance cost | | (2,688) | (2,900) | (5,284) | (5,596) |
| Profit/(loss) from Operations | | 3,299 | 4,268 | 6,531 | 8,427 |
| Finance cost | | (28) | (32) | (46) | (69) |
| Shares of results of associate | | - | - | - | - |
| Profit/(loss) before income tax, minority interests | | 3,271 | 4,236 | 6,485 | 8,358 |
| Taxation | | (936) | (1,240) | (2,003) | (2,647) |

| | | | | |
|---|-------|-------|-------|-------|
| Profit/(loss) after income tax before deducting minority interests | 2,335 | 2,996 | 4,482 | 5,711 |
| Minority interests | (47) | (112) | (108) | (144) |
| Net profit/(loss) for the period attributable to members of the company | 2,288 | 2,884 | 4,374 | 5,567 |
| Earnings per share on above after deducting any provision for preference dividends, if any :- | | | | |
| Basic(based on 68,000,000 ordinary shares)(sen) | 3.36 | 4.24 | 6.43 | 8.19 |
| Fully diluted (based on 68,000,000 ordinary shares)(sen) | 3.36 | 4.24 | 6.43 | 8.19 |

(THE CONDENSED CONSOLIDATED INCOME STATEMENTS SHOULD BE READ IN CONJUNCTION WITH THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2003)

***UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2004***

| | Note | AS AT END OF CURRENT QUARTER ENDED 30/06/04 RM'000 | (AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/12/03 RM'000 |
|-----------------------------|------|---|--|
| Property, Plant & Equipment | A9 | 24,979 | 26,050 |

| | | |
|------------------------------------|----------------|----------------|
| Intangible Assets | 1,656 | 1,841 |
| Investment in Associated Companies | - | - |
| Long Term Investment | 12,299 | 22,610 |
| Investment Properties | 26,185 | 25,829 |
| Current Assets | | |
| Inventories | 1,007 | 1,309 |
| Debtors | 83,675 | 57,195 |
| Short term investments | 7,622 | 6,915 |
| Cash and Cash Equivalents | 39,184 | 56,442 |
| | <u>131,488</u> | <u>121,861</u> |
| Current Liabilities | | |
| Creditors | 44,067 | 48,449 |
| Short term borrowings | - | - |
| Provision for taxation | (866) | 522 |
| Dividends payables | - | - |
| | <u>43,201</u> | <u>48,971</u> |
| Net Current Assets | 88,288 | 72,890 |
| | <u>153,407</u> | <u>149,220</u> |
| Share Capital | 68,000 | 68,000 |
| Reserves | 81,164 | 76,790 |
| Shareholders' Fund | <u>149,164</u> | <u>144,790</u> |
| Minority Interests | 630 | 522 |
| Long Term Borrowings | 252 | 484 |
| Other deferred liabilities | 3,360 | 3,424 |
| | <u>153,406</u> | <u>149,220</u> |

Net tangible assets per share (RM)

2.17

2.10

***(THE CONDENSED CONSOLIDATED BALANCE SHEETS SHOULD BE READ IN
CONJUNCTION WITH THE ANNUAL FINANCIAL REPORT FOR THE YEAR
ENDED 31 DECEMBER 2003)***

***UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2004***

| | 2004 Period ended 30-Jun RM'000 | 2003 Period ended 30-Jun RM'000 |
|--|--|--|
| Net profit after tax | 4,374 | 5,567 |
| Adjustments for non-cash flow :- | | |
| Non-cash items | 2,422 | 3,530 |
| Non-operating items | (249) | (194) |
| | <hr/> | <hr/> |
| Operating profit before changes in working capital | 6,547 | 8,903 |
| Changes in working capital : | | |
| Net Change in current assets | (26,999) | 15,440 |
| Net Change in current liabilities | (2,769) | (10,055) |
| | <hr/> | <hr/> |
| Net changes in working capital | <u>(29,768)</u> | <u>5,385</u> |

| | | |
|--|-----------------|----------------|
| Tax paid | (2,606) | (2,846) |
| Net cash flows from operating activities | <u>(25,827)</u> | <u>11,442</u> |
| Investing Activities | | |
| Equity Investments | 10,068 | (234) |
| Other Investments | (956) | (2,979) |
| | <u>9,112</u> | <u>(3,213)</u> |
| Financing Activities | | |
| Dividend paid | - | - |
| Bank borrowings | (543) | (3,103) |
| | <u>(543)</u> | <u>(3,103)</u> |
| Net Change in Cash & Cash Equivalents | (17,258) | 5,126 |
| Cash & Cash Equivalents at beginning of year | 56,442 | 34,364 |
| Cash & Cash Equivalents at end of year | <u>39,184</u> | <u>39,490</u> |

(THE CONDENSED CONSOLIDATED CASH FLOW STATEMENTS SHOULD BE READ IN CONJUNCTION WITH THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2003)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT

FOR THE YEAR ENDED 30 JUNE 2004

| | Share Capital RM'000 | Reserve attributable to Capital RM'000 | | Revaluation Reserve RM'000 | Retained Profits RM'000 | Total RM'000 |
|--|----------------------------|---|---|----------------------------------|-------------------------------|-----------------|
| 6 months period ending 30 June 2004 | | | | | | |
| Balance as at 01.01.2004 | ##### | (13,159) | | 8,629 | 81,320 | 144,790 |
| Net profit for the period | | | | | 4,374 | 4,374 |
| Dividends paid | | | | | - | - |
| Balance as at 30.06.2004 | ##### | (13,159) | - | 8,629 | 85,694 | 149,164 |
| 6 months period ending 30 June 2003 | | | | | | |
| Balance as at 01.01.2003 | ##### | (13,159) | | 8,272 | 73,678 | 136,791 |
| Prior year adjustments (Note A1) | | | | | (797) | (797) |
| | ##### | (13,159) | - | 8,272 | 72,881 | 135,994 |
| Net profit for the period | - | - | | - | 5,567 | 5,567 |
| Dividends paid | - | - | | - | (3,917) | (3,917) |

Balance as at 30.06.2003

| | | | | | |
|-------|----------|---|-------|--------|---------|
| ##### | (13,159) | - | 8,272 | 74,531 | 137,644 |
|-------|----------|---|-------|--------|---------|

(THE CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY SHOULD BE READ IN CONJUNCTION WITH THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2003)

N/R : Not required (The quarterly report for the preceding year's results were previously not required to be announced)

***MASB 26 Interim Financial Reporting - Paragraph 16
Selected Explanatory Notes***

A1 Accounting policies

The interim financial report of the Group has been prepared in accordance with MASB 26 Interim Financial Reporting and Chapter 9 part K of the Listing Requirements of Malaysia Securities Exchange Berhad ("MSEB"). The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent annual audited financial statements.

A2 Audit qualification

The audit report of the Group's annual financial statements for the year ended 31 December 2003 was not subject to any qualification

A3 Seasonal or Cyclical Factors

The business operations of the Group for the interim period were not affected by seasonal and cyclical factors.

A4 Material items affecting interim financial statements

There were no material items affecting assets, liabilities, equity, net income, or cash flows of the Group during the quarter and financial year to date.

A5 Changes in estimates

There are no material changes in estimates of amounts reported in prior interim period of the current financial year nor changes in estimates of amounts reported in prior financial years.

A6 Changes in Share Capital

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period.

A7 Dividends paid

The Company did not pay any dividends during the quarter and financial year to date.

A8 Segment Reporting

The segment revenue and segment results for the financial period ended 30 June 2004 :

Analysis by business segments

| <i>Segments</i> | <i>Revenue</i> | | | <i>Results RM'000</i> |
|---------------------------|----------------------------|----------------------------|-------------------------|---------------------------|
| | <i>External RM'000</i> | <i>Internal RM'000</i> | <i>Total RM'000</i> | |
| Constructions | ##### | 3,273 | 70,902 | 4,443 |
| Investments | 4,587 | 252 | 4,839 | 2,132 |
| Quarrying & trading | 4,463 | 188 | 4,651 | 403 |
| | ##### | 3,713 | 80,392 | 6,978 |
| Consolidation adjustments | | (3,713) | (3,713) | (447) |
| | ##### | - | 76,679 | 6,531 |
| Finance cost | | | | (46) |
| | | | | 6,485 |

A9 Valuation of Property, Plant and Equipment

There were no changes to the valuation of property, plant & equipment from the previous annual financial statements.

A10 Material Subsequent Events

There were no material events subsequent to the end of the current period which have significant impact on the results of the Group.

A11 Changes in the Composition of the Group

During the quarter ended 30 June 2004, Water Engineering Technology Sdn Bhd, a wholly owned subsidiary of Loh & Loh Corporation Berhad ("LLCB") had on 22 June 2004 entered into a joint venture agreement with Air Pollution Control Engineering Sdn. Bhd., Yap Kam Biow and John Henning De Kock in relation to a Joint Venture in Positive Cycle Sdn Bhd (now known as WET Air Sdn Bhd ("Proposed Joint Venture")),

thereby resulting in Wet Air Sdn Bhd becoming an indirect subsidiary of LLCB.

A12 Changes in Contingent Liabilities and Contingent Assets

The changes in contingent liabilities since 31 December 2003 are as follows :

In the ordinary course of business, the Group has given guarantees to banks as security for bank guarantee facilities in respect of performance/tender bonds given as follows :-

| | |
|------------------------------------|----------------|
| Performance of projects undertaken | RM 1.2 million |
| Projects tendered | RM 5.6 million |