



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

**QUARTERLY REPORT**

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE QUARTER ENDED 30 JUNE 2006**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR ENDED
	30/06/06 RM'000	30/06/05 RM'000	30/06/06 RM'000	30/06/05 RM'000
Revenue	43,593	29,250	73,664	52,126
Cost of Sales	(38,411)	(23,994)	(63,580)	(41,950)
Gross profit	5,182	5,256	10,084	10,176
Other Operating income	411	155	682	366
Administrative expenses excluding finance cost	(3,418)	(3,539)	(6,656)	(6,717)
Finance cost	(24)	(12)	(45)	(29)
Shares of results of associate	-	-	-	-
Profit/(loss) before income tax	2,151	1,860	4,065	3,796
Taxation	(637)	(547)	(1,044)	(1,199)
Profit/(loss) for the period from continuing operations	1,514	1,313	3,021	2,597
Attributable to :				
<b>Equity holders of the parent</b>	1,581	1,326	3,088	2,593
<b>Minority interests</b>	(67)	(13)	(67)	4
	1,514	1,313	3,021	2,597
Earnings per share attributable to equity holders of the parent :				
Basic(based on 68,000,000 ordinary shares)(sen)	2.33	1.95	4.54	3.81
Fully diluted (based on 68,000,000 ordinary shares)(sen)	2.33	1.95	4.54	3.81

**(THE CONDENSED CONSOLIDATED INCOME STATEMENT SHOULD BE READ IN CONJUNCTION WITH THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2005)**

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2006**

	AS AT END OF CURRENT QUARTER ENDED 30/06/06 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/05 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant & Equipment	24,622	23,679
Investment Properties	23,041	23,041
Intangible Assets	168	193
Development expenditure	21,241	21,164
Long Term Investment	6,327	12,283
Deferred Tax assets	185	166
	<u>75,584</u>	<u>80,526</u>
<b>Current Assets</b>		
Inventories	751	514
Debtors	91,630	95,882
Short term investments	7,556	7,003
Cash and Cash Equivalents	33,544	28,078
	<u>133,481</u>	<u>131,477</u>
<b>TOTAL ASSETS</b>	<u>209,065</u>	<u>212,003</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share Capital	68,000	68,000
Reserves	83,401	84,230
	<u>151,401</u>	<u>152,230</u>
<b>Minority Interests</b>	574	641
<b>Total equity</b>	<u>151,975</u>	<u>152,871</u>
<b>Non-current liabilities</b>		
Long Term Borrowings	1,406	950
Other deferred liabilities	3,218	3,372
<b>Total non-current liabilities</b>	<u>4,624</u>	<u>4,322</u>
<b>Current Liabilities</b>		
Creditors	47,403	54,399
Short term borrowings	616	-
Provision for taxation	530	411
Dividends payables	3,917	-
<b>Total current liabilities</b>	<u>52,466</u>	<u>54,810</u>
<b>Total liabilities</b>	<u>57,090</u>	<u>59,132</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>209,065</u>	<u>212,003</u>
<b>Net assets per share (RM)</b>	<u>2.23</u>	<u>2.24</u>

(THE CONDENSED CONSOLIDATED BALANCE SHEET SHOULD BE READ IN  
CONJUNCTION WITH THE ANNUAL FINANCIAL REPORT FOR THE YEAR  
ENDED 31 DECEMBER 2005)



**LOH & LOH Corporation Berhad** (389765 V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2006**

	Attributable to Equity Holders of the Parent				Minority	Total
	Share Capital	Revaluation Reserve	Retained Profits	Total	Minority	
	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Year ending 30 June 2006</b>						
Balance as at 01.01.2006	68,000	8,629	75,601	152,230	641	152,871
Net profit for the period	-	-	3,088	3,088	(67)	3,021
Dividends payable	-	-	(3,917)	(3,917)	-	(3,917)
Balance as at 30.06.2006	<u>68,000</u>	<u>8,629</u>	<u>74,772</u>	<u>151,401</u>	<u>574</u>	<u>151,975</u>
<b>Year ending 30 June 2005</b>						
Balance as at 01.01.2005	68,000	8,629	74,218	150,847	699	151,546
Net profit for the year	-	-	2,593	2,593	4	2,597
Dividends payable	-	-	-	-	-	-
Balance as at 30.06.2005	<u>68,000</u>	<u>8,629</u>	<u>76,811</u>	<u>153,440</u>	<u>703</u>	<u>154,143</u>

**(THE CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY SHOULD BE READ IN CONJUNCTION WITH THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2005)**

**LOH & LOH Corporation Berhad**

(389765 V)

*(Incorporated in Malaysia)***UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2006**

	2006 Period ended 30-Jun RM'000	2005 Period ended 30-Jun RM'000
Net profit after tax	3,088	2,593
Adjustments for non-cash flow :-		
Non-cash items	605	2,725
Non-operating items	(55)	(903)
Operating profit before changes in working capital	3,638	4,415
Changes in working capital :		
Net Change in current assets	785	6,505
Net Change in current liabilities	(2,226)	(8,282)
Net changes in working capital	(1,441)	(1,777)
Tax paid	(1,568)	(3,118)
Net cash flows from operating activities	629	(480)
Investing Activities		
Equity Investments	6,204	-
Other Investments	(1,298)	(18,287)
	4,906	(18,287)
Financing Activities		
Dividend paid	-	-
Bank borrowings	(69)	(330)
	(69)	(330)
Net Change in Cash & Cash Equivalents	5,466	(19,097)
Cash & Cash Equivalents at beginning of the year	28,078	48,566
Cash & Cash Equivalents at end of the period	33,544	29,469

**(THE CONDENSED CONSOLIDATED CASH FLOW STATEMENT SHOULD BE  
READ IN CONJUNCTION WITH THE ANNUAL FINANCIAL REPORT FOR THE  
YEAR ENDED 31 DECEMBER 2005)**



**Interim Financial Reporting for the first quarter ended 30 June 2006**

**A1 Accounting policies**

The interim financial report of the Group is unaudited and has been prepared in accordance with Financial Reporting Standard (FRS) 134 and Chapter 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB")  
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 audited financial statements for the financial year ended 31 December 2005 except for the adoption of the following new or revised Financial Reporting Standards ("FRS") effective for the financial period beginning on 1 January 2006:

FRS 3	Business Combinations
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 & Equipment
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 140	Investment Property

The adoption of FRS 3, 102, 108, 110, 116, 127, 132, 133, 136 and 140 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 or revised FRS is summarized as below :

**FRS 101 : Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of the condensed consolidated income statements, balance sheets and statement of changes in equity with additional disclosure on the amount attributable to equity holders of the parent Company, and statements of changes in equity also showing the total recognised income and expense for the period.

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

**A2 Audit qualification**

The audit report of the Group's annual financial statements for the year ended 31 December 2005 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**

There were no dividends paid in the current interim period.

**A8 Segment Reporting**

The segment revenue and segment results for the financial period ended 30 June 2006 :

Analysis by business segments

Segments	Revenue			Results
	External	Internal	Total	



**Interim Financial Reporting for the first quarter ended 30 June 2006**

	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Construction	68,517	657	69,174	2,761
Investments	761	5,678	6,439	6,928
Quarrying & trading	4,386	133	4,519	(250)
	73,664	6,468	80,132	9,439
Consolidation adjustments	-	(6,468)	(6,468)	(5,329)
	73,664	-	73,664	4,110
Finance cost				(45)
Share of associate results				-
				4,065

**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**

On 17 February 2006, Loh & Loh Corporation Berhad ("LLCB") acquired two ("2") ordinary shares of RM1.00 each of Central Icon Sdn Bhd ("CI") representing 100% of the issued and paid up share capital of CISB for a cash consideration of RM 2.00 and pursuant thereto, CISB has become a wholly-owned subsidiary company of LLCB.

On 7 June 2006, Loh & Loh Constructions Sdn Bhd ("LLCSB"), a wholly owned subsidiary company of LLCB acquired sixty ("60") ordinary shares of RM1.00 each of Sepakat Sempurna Sdn Bhd ("SSSB") representing 60% of the issued and paid-up share capital of SSSB for a cash consideration of RM60.00 and pursuant thereto, SSSB has become a subsidiary company of LLCSB.

**A12 Changes in Contingent Liabilities and Contingent Assets**

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

In the ordinary course of business, the Group has given guarantees to banks as security for bank guarantee facilities as follows :-

Performance of projects undertaken	RM 2.4 million
Projects tendered	RM 0.2 million
Advance payment bond	RM 10.0 million



**Explanatory notes**

**B1 Review of Performance of the Company and its Principal Subsidiaries**

For the financial period ended 30 June 2006, the Group recorded a revenue of RM 73.66 million and profit before taxation of RM 4.06 million as compared to a revenue of RM 52.13 million and profit before taxation of RM 3.80 million for the financial period ended 30 June 2005. The revenue for the financial period ended 30 June 2006 increased as compared to the preceding year corresponding period due to a higher level of construction activities from jobs secured in 2005. However, the increase in profit before taxation for the period under review is marginal.

**B2 Material changes in the Quarterly Results compared to the results of the Preceding Quarter**

The Group's revenue for the second quarter of 2006 increased to RM 43.59 million as compared to revenue of RM 30.07 million in the preceding quarter due to higher level of construction activities from projects secured in 2005.

The Group's profit before taxation for the second quarter improved to RM 2.15 million against RM 1.86 million registered in the preceding quarter.

**B3 Prospects**

The Board expects year 2006 to be as challenging in view of rising material costs and intense competition. Base on the jobs secured in the second half of 2005 and beginning of 2006, the Board is optimistic that the financial performance for year 2006 should improve as compared to 2005.

**B4 Variance of Actual Profit from Forecast Profit and Profit Guarantee**

This is not applicable to the Group.

**B5 Taxation**

	Current Year Quarter	Cumulative Current Year To Date
	30/06/06 RM'000	30/06/06 RM'000
Current year	852	1,180
Under/(over) provision of tax	-	-
Deferred taxation	(215)	(136)
Associated companies	-	-
Total tax expense	637	1,044



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**Explanatory notes**

**B5** The explanation on the variance between the statutory tax rate and effective tax rate are as follows :

	Current Year Quarter 30/06/06 %	Cumulative Current Year To date 30/06/06 %
Statutory tax rate	28.00	28.00
Expenses not deductible for tax purposes	1.70	2.50
Non-taxable income	(0.09)	(4.82)
Average effective tax rate	<u>29.61</u>	<u>25.68</u>

**B6 Profit/loss on sale of Unquoted Investment and/ or Properties**

There was no sale of unquoted investment and properties for the current quarter and financial period to date.

**B7 Quoted Securities**

(a) The total purchases and disposals of quoted securities for the current quarter and financial year to date and profit/(loss) arising therefrom are as follows:

	Current Year Quarter RM'000	Cumulative Current Year To Date RM'000
Total purchases	738	1,142
Total disposals	1,066	1,182
Total profit/(loss) on disposals	(13)	3

(b) Total investments in quoted shares as at 30 June 2006 are as follows :-

	RM'000
Total investments at cost	6,636
Provision for diminution in value	(1,683)
Total investments at carrying value/book value	<u>4,953</u>
Total investments at market value	<u>4,953</u>



**Explanatory notes**

**B8 Corporate Proposals**

On 17 May 2006, the Company and its wholly owned subsidiaries, Water Engineering Technology Sdn Bhd (“WET”) and Central Icon Sdn Bhd (“CI”) entered into a Settlement Agreement (“STA”) with Wong Seng Huat (“WSH”) representing himself and other shareholders of Ladang Impian Sdn Bhd (“LISB”), LISB and Pasarakyat Sdn Bhd which will involve inter-alia, the following:-

The proposed acquisition of 7,350,000 shares of RM1.00 each representing the entire issued and paid up capital LISB for a purchase consideration of RM1.00 by CI (“Proposed Acquisition”);

The proposed acquisition of the debt owing by Ladang Impian 1 Sdn Bhd (“LI1SB”), a wholly owned subsidiary of LISB, to WET amounting to RM7,963,710 (the “WET Debt”), by LLCB from WET;

The proposed assumption of the WET Debt by CI from LI1SB;

The proposed capitalization of the debt owing by CI to LLCB amounting to RM7,963,710 vide the issuance of 7,963,710 new ordinary shares of RM1.00 each at an issue price of RM1.00 in CI;

The proposed assumption of a debt owing by LISB to WSH amounting to RM3,843,284, by CI from LISB; and

The proposed capitalization of the debt owing by CI to WSH amounting to RM3,843,284 vide the issuance of 884,967 new ordinary shares of RM1.00 each at an issue price of RM4.343, representing 10% equity interest in the enlarged issued and paid-up share capital in CI.

All the abovementioned proposals are inter-conditional and are hereinafter collectively referred as the Proposed Settlement.

Upon completion of the Proposed Settlement, LISB will effectively become a 90% owned subsidiary of CI.

**B9 Group Borrowings and Debt Securities**

Group borrowings and debt securities as at 30 June 2006:

	RM'000
Trust Receipts	616
Total	<u>616</u>

The borrowing was short term, unsecured and was denominated in Ringgit Malaysia.



**Explanatory notes**

**B10 Off Balance Sheet Financial Instruments**

The Group had the following outstanding foreign exchange forward contract to hedge foreign currency purchases as at 9 August 2006:-

Type of Currency	Amount	Ringgit Equivalent	Maturity date
EUR	286,226	1,329,520	30 August 2006

**B11 Changes in Material Litigation**

As reported in the previous quarter, the status of the material litigation of the Group is as follows:-

**A. Writ of Summons No.D5-22-375-93 dated 13 May 1993**

Suit filed by Loh & Loh Constructions Sdn Bhd (“LLCSB”), a wholly owned subsidiary, against:

- i) Quota Innovations Sdn Bhd (“QISB”) for breach of Contract Agreement;
- ii) QISB’s directors for breach of guarantee;
- iii) Kassim Chan Management Services Sdn Bhd (KCMS) (8<sup>th</sup> Defendant) for breach of duty of care towards LLCSB

Against Guarantors:-

- i) Before the Judicial Commissioner of Ipoh High Court, LLCSB and the Judgement Debtors, Lam Hoi Song and Lam Hong Chang, agreed a sum of RM257,500.00 (total payment from both Judgement Debtors) to be paid to LLCSB as full and final settlement of LLCSB’s claim against the Judgement Debtors. To this matter the Judgement Debtors are required to withdraw their applications to set aside the Arbitrator’s Interim Award and not to challenge the arbitration award and resulting judgement irrespective of the matter in which the proceeding may turn out in relation to the other Judgement Debtors in Kuala Lumpur High Court Suit No:D5-22-375-1993 and other applicants in the Original Motion No:25-2-2005.

The said full and final settlement sum has been received by LLCSB and the matter has been settled out of Court.

QISB and the directors’ application to set aside the Arbitrator’s Interim Award has also been struck off by the Court due to directors’ (namely Leong Yoke Luen, Woon Mooi, Leong Hong Min and Lai Man Fatt) solicitors failed to attend Court on 19 May 2006.

- ii) In the High Court case against KCMS, the Court upheld KCMS’s defence. LLC has filed Record of Appeal to the Appeal Court on 6 January 2006 and is now awaiting for the Appeal Court to fix a Hearing date.



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**Explanatory notes**

**B. Writ of Summons vide Kuala Lumpur High Court Suit No. S7-22-930-2004 dated 29 September 2004**

The sealed Writ of Summons and Statement of Claim of Water Engineering Technology Sdn Bhd (“WETSB”) dated 21 June 2004 were extracted from the Court on 02 August 2004.

Statements of Defence of Ladang Impian 1 Sdn Bhd. (“LI1SB”) and Wong Seng Huat (“WSH”) dated 08 November 2004 was served on WETSB’s solicitor, Messrs Shahrizat, Rashid & Lee (“SRL”) by the defendants’ solicitor Messrs Iza Ng Yeoh & Kit on 08 November 2004. SRL filed the summary judgement application and Affidavit in Support on 29 November 2004.

The Deputy Registrar had on, 10 March 2006, allowed summary judgement for the principal sum of RM7,936,869.91 together with interest in the sum of RM1,126,573.51 as at 19 January 2004 and continuing interest of 8% per annum on the principal sum from 20 January 2004 till full settlement.

However, on 17 May 2006, the Parties, entered into a Settlement Agreement which would, inter-alia, result in Loh & Loh Corporation Berhad effectively acquiring a 90% equity stake in Ladang Impian Sdn Bhd, holding company of LI1SB and settlement of the abovementioned debt.

The parties are working towards the completion of the Settlement Agreement.

**B12 Dividend**

The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 30 June 2006.

**B13 Earnings per share**

The basic and diluted earnings per share is calculated based on: -

- a) the Group net profit for the reporting period attributable to ordinary shareholders of RM 3.09 million; and
- b) the weighted average number of ordinary shares outstanding during the reporting period of 68.00 million shares of RM1.00 each

BY ORDER OF THE BOARD

GWEE OOI TENG  
COMPANY SECRETARY

MAICSA 0794701

Kuala Lumpur

Date: 16 August 2006