



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

**QUARTERLY REPORT**

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR ENDED
	30/09/06 RM'000	30/09/05 RM'000	30/09/06 RM'000	30/09/05 RM'000
Revenue	44,774	39,386	118,438	91,512
Cost of Sales	(38,202)	(33,787)	(101,782)	(75,737)
Gross profit	6,572	5,599	16,656	15,775
Other Operating income	113	265	795	631
Administrative expenses excluding finance cost	(3,949)	(3,492)	(10,605)	(10,209)
Finance cost	(28)	(12)	(73)	(41)
Reserves on consolidation credited to income statement	3,745	-	3,745	-
Profit/(loss) before income tax	6,453	2,360	10,518	6,156
Taxation	(761)	(744)	(1,805)	(1,943)
Profit/(loss) for the period from continuing operations	5,692	1,616	8,713	4,213
Attributable to :				
<b>Equity holders of the parent</b>	5,634	1,619	8,722	4,212
<b>Minority interests</b>	58	(3)	(9)	1
	5,692	1,616	8,713	4,213
Earnings per share attributable to equity holders of the parent :				
Basic(based on 68,000,000 ordinary shares)(sen)	8.29	2.38	12.83	6.19
Fully diluted (based on 68,000,000 ordinary shares)(sen)	8.29	2.38	12.83	6.19

**(THE CONDENSED CONSOLIDATED INCOME STATEMENT 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 BALANCE SHEET  
AS AT 30 SEPTEMBER 2006**

	AS AT END OF CURRENT QUARTER ENDED 30/09/06 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	36,800	23,679
Investment Properties	23,041	23,041
Intangible Assets	5,195	193
Development expenditure	21,273	21,164
Long Term Investment	6,323	12,283
Deferred Tax assets	185	166
	<hr/>	<hr/>
	92,817	80,526
<b>Current Assets</b>		
Inventories	742	514
Debtors	92,928	95,882
Short term investments	7,503	7,003
Cash and Cash Equivalents	29,626	28,078
	<hr/>	<hr/>
	130,799	131,477
<b>TOTAL ASSETS</b>	<hr/>	<hr/>
	223,616	212,003
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share Capital	68,000	68,000
Reserves	89,035	84,230
	<hr/>	<hr/>
Shareholders' funds	157,035	152,230
<b>Minority Interests</b>	2,065	641
	<hr/>	<hr/>
<b>Total equity</b>	159,100	152,871
<b>Non-current liabilities</b>		
Long Term Borrowings	1,406	950
Other deferred liabilities	4,771	3,372
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	6,177	4,322
<b>Current Liabilities</b>		
Creditors	58,062	54,399
Short term borrowings	-	-
Provision for taxation	277	411
Dividends payables	-	-
	<hr/>	<hr/>
<b>Total current liabilities</b>	58,339	54,810
<b>Total liabilities</b>	<hr/>	<hr/>
	64,516	59,132
<b>TOTAL EQUITY AND LIABILITIES</b>	<hr/>	<hr/>
	223,616	212,003
<b>Net assets per share (RM)</b>	<hr/>	<hr/>
	2.31	2.24

(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 SEPTEMBER 2006**

	Attributable to Equity Holders of the Parent			
	Share Capital	Revaluation Reserve	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000
<b>Period ending 30 September 2006</b>				
Balance as at 01.01.2006	68,000	8,629	75,601	152,230
Dilution of shareholdings in WASB (WET Air Sdn Bhd)	-			
Reserve on consolidation credited to income statement			4,163	4,163
Net profit for the period			4,559	4,559
MI arising from acquisition of companies during the year				
Dividends paid			(3,917)	(3,917)
Balance as at 30.09.2006	<u>68,000</u>	<u>8,629</u>	<u>80,406</u>	<u>157,035</u>
<b>Period ending 30 September 2005</b>				
Balance as at 01.01.2005	68,000	8,629	74,218	150,847
Net profit for the period			4,212	4,212
Dividends paid			(3,917)	(3,917)
Balance as at 30.09.2005	<u>68,000</u>	<u>8,629</u>	<u>74,513</u>	<u>151,142</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 SEPTEMBER 2006**

	2006 Period ended 30-Sep RM'000	2005 Period ended 30-Sep RM'000
Net profit after tax	8,722	4,212
Adjustments for non-cash flow :-		
Non-cash items	(1,681)	3,861
Non-operating items	(914)	(362)
Operating profit before changes in working capital	6,127	7,711
Changes in working capital :		
Net Change in current assets	5,648	3,542
Net Change in current liabilities	(1,843)	(543)
Net changes in working capital	3,805	2,999
Tax paid	(935)	(3,509)
Net cash flows from operating activities	8,997	7,201
Investing Activities		
Equity Investments	6,487	(3,979)
Other Investments	(8,888)	(21,660)
	(2,401)	(25,639)
Financing Activities		
Dividend paid	(3,917)	(3,917)
Bank borrowings	(1,131)	(483)
	(5,048)	(4,400)
Net Change in Cash & Cash Equivalents	1,548	(22,838)
Cash & Cash Equivalents at beginning of the year	28,078	48,566
Cash & Cash Equivalents at end of the period	29,626	25,728

**(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 third quarter ended 30 September 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 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 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 3 : Business Combination, FRS 136: Impairment of Assets and FRS 138: Intangible Assets**

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated 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 subsequently reversal is not allowed. Prior to 1 January 2006, goodwill was amortised on a straight line basis over its estimated useful life. This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006.

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to "reserve on consolidation"), after reassessment, is now recognised immediately to income statement. Prior to 1 January 2006, reserve on consolidation are taken to reserves in the year of acquisition.

**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 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 comparative 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.



**Interim Financial Reporting for the third quarter ended 30 September 2006**

**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**

Dividends paid in the current interim period was as follows:

	9 months ended 30 September 2006	9 months 30 Septemb
	Gross dividend per share	Gross dividend per share
	Amount of dividend net of 28% tax	
	Sen	RM'000
Final dividend approved by shareholders in respect of the year ended 31 December 2005 paid on 21 July 2006	8	3,917
Final dividend approved by shareholders in respect of the year ended 31 December 2004 paid on 19 July 2005		8

**A8 Segment Reporting**

Segment Reporting

Analysis by business segments

**Segments**

Construction  
Investments  
Quarrying & trading

Consolidation adjustments

Finance cost

Reserve on consolidation credited to income statement

	<b>Revenue</b>		
	<b>External RM'000</b>	<b>Internal RM'000</b>	<b>Total RM'000</b>
Construction	-	-	-
Investments	108,952	681	109,633
Quarrying & trading	945	5,804	6,749
	109,897	6,485	116,382
Consolidation adjustments	-	-	-
	109,897	6,485	116,382



**Interim Financial Reporting for the third quarter ended 30 September 2006**

**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**

- (i) On 17 February 2006, Loh & Loh Corporation Berhad ("LLCB") acquired two ("2") ordinary shares of RM1.00 each of Central Icon Sdn Bhd ("CISB") representing 100% of the issued and paid up share capital of CISB for a cash consideration of RM2.00 and pursuant thereto, CISB has become a wholly owned subsidiary company of LLCB.
- (ii) 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.
- (iii) On 1 July 2006, Water Engineering Technology Sdn Bhd ("WET"), a wholly-owned subsidiary company of LLCB issue additional seventy thousand ("70,000") ordinary shares of RM1.00 each in WET Air Sdn Bhd ("WASB") to Air Pollution Control Engineering Sdn Bhd ("APCE") representing 25.93% of the issued and paid up capital of WASB for a cash consideration of RM70,000 pursuant to the joint venture agreement entered on 22 June 2004 between WET, APCE, Yap Kam Biow and John Henning De Kock. With the issuance, the enlarged issued and paid up share capital of WASB is 270,000 ordinary shares and WET effectively control 74.07% of the issued and paid up capital of WASB.
- (iv) On 13 September 2006, the Settlement Agreement entered into between LLCB and its wholly owned subsidiary companies, WET and CISB with Wong Swee Huat ("WSH"), a shareholder of Ladang Impian Sdn Bhd ("LISB") and Pasarakyat Sdn Bhd ("PSB") was completed. With the completion of the Settlement Agreement, LISB and its subsidiary companies become wholly owned subsidiary of CISB. LLCB in turn effectively owned 90% of CISB while the remaining 10% of CISB held by WSH.

**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 2.8 million
Projects tendered	RM 0.3 million
Advance payment bond	RM 10.0 million



ended  
er 2005

Amount of  
dividend net  
of 28% tax

RM'000

3,917

<b>Results RM'000</b>
-
4,812
7,389
12,201
-
12,201
-
-
12,201





**Explanatory notes**

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

For the financial period ended 30 September 2006, the Group recorded a revenue of RM 118.44 million and profit before taxation of RM 10.52 million as compared to a revenue of RM 91.51 million and profit before taxation of RM 6.16 million for the financial period ended 30 September 2005. The revenue for the financial period ended 30 September 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 was mainly due to the acquisition during the year that gave rise to reserve on consolidation amounted to RM3.75 million which was immediately credited to the income statement as required by FRS 3: Business Combination.

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

The Group's revenue for the third quarter of 2006 increased to RM 44.77 million as compared to revenue of RM 43.60 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 third quarter improved to RM 6.45 million against RM 2.15 million registered in the preceding quarter mainly due to reserve on consolidation of RM3.75 million which was immediately credited to income statement.

**B3 Prospects**

Despite the challenges of intense competition and rising material costs facing the construction sector, the Board is optimistic of the financial performance for the remaining period of the year ending 31 December 2006. The Board is confident that the results for 2006 will be better than 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
	30/09/06 RM'000	30/09/06 RM'000
Current year	608	1,788
Under/(over) provision of tax	-	-
Deferred taxation	153	17
Associated companies	-	-
Total tax expense	761	1,805



**Explanatory notes**

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

	Current Year Quarter 30/09/06 %	Cumulative Current Year To date 30/09/06 %
Statutory tax rate	28.00	28.00
Expenses not deductible for tax purposes	0.83	1.31
Non-taxable income	(17.04)	(12.15)
Average effective tax rate	<u>11.79</u>	<u>17.16</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	522	1,664
Total disposals	626	1,808
Total profit/(loss) on disposals	(119)	(116)

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

	RM'000
Total investments at cost	6,531
Provision for diminution in value	(1,409)
Total investments at carrying value/book value	<u>5,122</u>
Total investments at market value	<u>5,122</u>



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**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”) and Pasarakyat Sdn Bhd.

The Settlement Agreement was completed on 13 September 2006.

**B9 Group Borrowings and Debt Securities**

There were no Group borrowings and debt securities as at 30 September 2006.

**B10 Off Balance Sheet Financial Instruments**

The Group had the following outstanding foreign exchange forward contract to hedge foreign currency purchases as at 15 November 2006:-

Type of Currency	Amount	Ringgit Equivalent	Maturity date
EUR	354,091	1,646,345	21 November 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.



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**Explanatory notes**

The said full and final settlement sum has been received by LLC SB 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.

**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 Settlement Agreement was completed on 13 September 2006

**B12 Dividend**

The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 30 September 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 8.72 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: 22 November 2006



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

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