

**PUTERA CAPITAL BERHAD (12360-M)**  
**QUARTERLY REPORT**

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**For the financial period ended 31 August 2005**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-08-2005 RM' 000	PRECEDING YEAR CORRESPONDING QUARTER 31-08-2004 RM' 000	CURRENT YEAR TO DATE 31-08-2005 RM' 000	PRECEDING YEAR CORRESPONDING PERIOD 31-08-2004 RM' 000
<b>Revenue</b>	<b>5,576</b>	<b>13,304</b>	<b>5,576</b>	<b>13,304</b>
Operating expenses	(8,541)	(16,373)	(8,541)	(16,373)
Other operating income	-	31	-	31
<b>Loss from operations</b>	<b>(2,965)</b>	<b>(3,038)</b>	<b>(2,965)</b>	<b>(3,038)</b>
Finance costs	(387)	(431)	(387)	(431)
Interest income	33	47	33	47
<b>Loss before taxation</b>	<b>(3,319)</b>	<b>(3,422)</b>	<b>(3,319)</b>	<b>(3,422)</b>
Taxation	-	-	-	-
<b>Loss after taxation</b>	<b>(3,319)</b>	<b>(3,422)</b>	<b>(3,319)</b>	<b>(3,422)</b>
Minority interests	1	8	1	8
<b>Net loss attributable to shareholders</b>	<b>(3,318)</b>	<b>(3,414)</b>	<b>(3,318)</b>	<b>(3,414)</b>
Loss per share :				
Basic loss per share (sen)	(4.82)	(5.04)	(4.82)	(5.04)
(based on the weighted average number of shares) ['000]	68,795	67,725	68,795	67,725

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 May 2005

**PUTERA CAPITAL BERHAD (12360-M)**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**As at 31 August 2005**

	<b>AS AT END OF CURRENT QUARTER 31-08-2005 RM' 000</b>	<b>AS AT PRECEDING FINANCIAL YEAR END (Audited) 31-05-2005 RM' 000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	31,331	31,919
Investment properties	5,400	5,400
<b>CURRENT ASSETS</b>		
Inventories	11,429	12,037
Receivables	9,696	9,012
Cash and bank balances	3,742	5,015
	<b>24,867</b>	<b>26,064</b>
<b>CURRENT LIABILITIES</b>		
Short term borrowings	25,413	23,818
Payables	14,023	14,503
Taxation	433	458
	<b>39,869</b>	<b>38,779</b>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>	<b>(15,002)</b>	<b>(12,715)</b>
	<b>21,729</b>	<b>24,604</b>
<b>FINANCED BY:</b>		
Share capital	68,795	68,795
Reserves	(53,143)	(49,825)
Shareholders' equity	<b>15,652</b>	<b>18,970</b>
Minority interests	222	223
	<b>15,874</b>	<b>19,193</b>
Retirement benefit	3,534	3,097
Long term borrowings	1,449	1,442
Deferred taxation	872	872
	<b>5,855</b>	<b>5,411</b>
	<b>21,729</b>	<b>24,604</b>
Net Tangible Assets per share (RM)	0.2275	0.2757

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 May 2005

**PUTERA CAPITAL BERHAD (12360-M)**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the financial period ended 31 August 2005**

	<b>Share capital RM'000</b>	<b>Other non- distributable reserves RM'000</b>	<b>Accumulated losses RM'000</b>	<b>Total RM'000</b>
At 1 June 2004	67,357	7,844	(54,291)	20,910
Prior year adjustment	-	12,672	2,579	15,251
Issuance of share capital (note 7)	1,438	72	-	1,510
Currency translation differences	-	(33)	-	(33)
Impairment on impairment of leasehold land and buildings	-	(155)	-	(155)
Reversal of deferred taxation on revaluation of leasehold land and buildings	-	43	-	43
Net loss for the financial year	-	-	(18,556)	(18,556)
<b>At 31 May 2005</b>	<b>68,795</b>	<b>20,443</b>	<b>(70,268)</b>	<b>18,970</b>
At 1 June 2005	68,795	20,443	(70,268)	18,970
Net loss for the financial period	-	-	(3,318)	(3,318)
<b>At 31 August 2005</b>	<b>68,795</b>	<b>20,443</b>	<b>(73,586)</b>	<b>15,652</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 May 2005

**PUTERA CAPITAL BERHAD (12360-M)**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
For the financial period ended 31 August 2005

	<b>31-08-2005</b>	<b>31-08-2004</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Loss before taxation</b>	(3,319)	(3,422)
<i>Adjustments for non cash items:-</i>		
Depreciation	512	557
Provision for doubtful debts written back	(400)	(13)
Provision for retirement benefits	-	16
Write back of provision for retirement benefits	-	(31)
(Gain) / Loss on disposal of property, plant and equipment	(28)	5
Interest income	(33)	(47)
Interest expense	387	431
Others	-	(88)
<b>Operating loss before working capital changes</b>	(2,881)	(2,592)
Working capital changes	454	894
<b>Cash (utilised in)/generated from operations</b>	(2,427)	(1,698)
Taxation paid	(25)	(15)
Retirement benefits paid	(172)	(52)
Interest income	33	47
<b>Net cash inflow / (outflow) from operating activities</b>	(2,591)	(1,718)
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	133	2,500
Others	(30)	(21)
<b>Net cash inflow / (outflow) from investing activities</b>	103	2,479
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	455
Net drawdown / (repayment) of borrowings	1,625	(3,867)
Interest paid	(387)	(431)
Others	(125)	-
<b>Net cash inflow / (outflow) from financing activities</b>	1,114	(3,843)
 Net (decrease)/increase in cash and cash equivalents	(1,375)	(3,082)
<b>Cash and cash equivalents at 31 May 2005/2004</b>	(436)	7,929
<b>Cash and cash equivalents at 31 August 2005/2004</b>	(1,811)	4,847
 Cash and cash equivalents comprise:-		
Cash and bank balances	1,725	2,474
Short term deposits with licensed banks	2,018	6,908
Bank overdrafts	(5,553)	(4,535)
	(1,811)	4,847

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 May 2005

## **Notes to the Interim Financial Report as Required by FRS 134**

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### **1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in compliance with Financial Reporting Standards (FRS 134), Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 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 financial year ended 31 May 2005.

The accounting policies and methods of computation adopted by the Group and the Company in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 May 2005.

### **2. Audit report in respect of the 2005 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 May 2005 was not qualified.

### **3. Material events subsequent to balance sheet date**

- a) On 9 June 2005, the Company announced that Bursa Malaysia had approved in - principle for the listing of up to 5,012,559 new ordinary shares of RM1 each to be issued pursuant to a proposed private placement as announcement on 24 August 2004. The Company has on 24 August 2004 announced a proposed issuance of up to 6,777,000 ordinary shares of RM1 each through a private placement at a price to be determined, for additional working capital purposes ("Proposed Private Placement").

The Securities Commission had vide its letter dated 25 June 2005, pursuant to a request from the Company, granted its approval for an extension of time to 28 July 2005 for the implementation of the Proposed Private Placement.

On 28 July 2005, the Company announced that the approval of the Securities Commission for implementation of the Proposed Private Placement has lapsed. The Company does not intend to apply for further extension of time upon the expiry of this deadline.

- b) On 18 July 2005, the Company announced that it had entered into a Construction Agreement with Rights Development Activities Sdn. Bhd. to undertake construction and completion of various parcels of residential and commercial development projects ("Proposed Projects") in the State of Melaka. The construction contract ("the Contract") of the Proposed Projects shall be undertaken and completed by the Company over a period of 5 years beginning 3rd Quarter 2005 at an estimated contract value of RM333 million. The Contract is expected to contribute positively to the Group's earnings and net tangible assets commencing financial year ending 31 May 2006 until completion of the Contract.

## **Notes to the Interim Financial Report as Required by FRS 134**

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- c) On 2 September 2005, the Company announced that its subsidiary, PCB Engineering Sdn Bhd. ("PCBE") had entered into a Construction Agreement with Limbongan Development Sdn Bhd. to undertake all those balance part of the reclamation works in respect of all that portion of the coast of the State of Melaka and the foreshore sea measuring approximately 50 acres known as Pantai Limbongan, Melaka Tengah. The said contract shall be undertaken and completed by PCBE over a period of 9 months beginning September 2005 at a contract sum of RM13 million.

Apart from the above, there were no other material events subsequent to balance sheet date.

### **4. Seasonal or cyclical factors**

The Group's operations are not affected by seasonal or cyclical factors.

### **5. Unusual items due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cashflows for the current quarter:

### **6. Changes in estimates**

There were no changes in estimates which had a material effect in the current quarter.

### **7. Changes in debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the reporting quarter.

## Notes to the Interim Financial Report as Required by FRS 134

### 8. Segmental reporting

Segment information is presented in respect of the Group's business segment.

#### (1) 3 months ended 31 August 2005 (All figures in RM'000)

	Investment holding & others	Manufacture and sale of woven fabrics	Engineering and constructions	Trading service	Inter segment eliminations	Consolidated results
<b>REVENUE &amp; EXPENSES</b>						
<b>Revenue</b>						
External sales	-	5,576	-	-	-	5,576
Inter-segment sales	-	593	-	-	(593)	-
Total revenue	-	6,169	-	-	(593)	5,576
<b>Result</b>						
Segment results representing (loss)/profit from operations	5	(2732)	(201)	(4)	-	(2932)
Net Finance costs						(387)
Taxation					-	-
Loss after taxation						(3,319)

#### (2) 3 months ended 31 August 2004 (All figures in RM'000)

	Investment holding & others	Manufacture and sale of woven fabrics	Engineering and constructions	Trading service	Inter segment Eliminations	Consolidated Results
<b>REVENUE &amp; EXPENSES</b>						
<b>Revenue</b>						
External sales	13	13,291	-	-	-	13,304
Inter-segment sales	-	2,803	-	-	(2,803)	-
Total revenue	13	16,094	-	-	(2,803)	13,304
<b>Result</b>						
Segment results representing loss from operations	(805)	(1,971)	(212)	28	(31)	(2,991)
Net Finance costs						(431)
Taxation						-
Loss after taxation						(3,422)

### 9. Dividends paid

No dividends had been paid during the reporting quarter.

## Notes to the Interim Financial Report as Required by FRS 134

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### 10. Valuation of property, plant and equipment

- i) Property, plant and equipment

There was no revaluation of properties during the quarter and as at 31 August 2005.

- ii) Investment Properties

There was no revaluation of investment properties during the quarter and as at 31 August 2005.

### 11. Changes in composition of the Group

There were no changes in the composition of the Group for the current quarter.

### 12. Changes in contingent liabilities or contingent assets

The Group's contingent liabilities as at 31 August 2005 are as follows:-

Type of Contingent Liabilities		RM'000
Letter of credit	Unsecured	368
Guarantees granted to third parties	Unsecured	551
Guarantees granted to a third party	Secured	3,266

Guarantees granted to third parties comprise:

- i. bank guarantees issued by the Group in respect of the supply of fabrics to the Ministry of Defence, Malaysia;
- ii. a guarantee given to Tenaga Nasional Berhad by the Group in respect of the provision of electricity to the factory operated by the textile division.
- iii. A bank guarantee given to Universiti Teknologi Malaysia ("UTM") in relation to the UTM Project undertaken by the Company's subsidiary company, PCB –TM Usahasama Sdn Bhd.



## **Additional Information As Required By The Bursa Malaysia Listing Requirements**

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### **1. Review of current performance**

	<b>1st Quarter 31/08/2005</b>	<b>1<sup>st</sup> Quarter 31/08/2004</b>	<b>Variance</b>
Turnover	RM'000 5,576	RM'000 13,304	RM' 000 / % (7,728) / (58.1%)
Loss before taxation	(3,319)	(3,422)	(104)/ (3.0%)

The Group's turnover for the current quarter decreased by approximately RM7.7 million or 58.1% to RM5.6 million as compared to approximately RM13.3 million recorded in the corresponding quarter for the preceding year. The reduction was due to lower sales recorded by the textile division.

Nevertheless, the Group has successfully reduced the loss for the current quarter marginally by 3.0% to RM3.3 million, despite a lower turnover.

### **2. Comparison with preceding quarter's (i.e. unaudited 4th quarter) results**

	<b>1st Quarter 31/08/2005</b>	<b>4th Quarter 31/05/2005</b>	<b>Variance</b>
Turnover	RM'000 5,576	RM'000 5,846	RM' 000 / % (270)/ (4.6%)
Loss before taxation	(3,319)	(7,041)	(3,722)/ (52.9%)

The Group registered a marginal decrease in turnover of approximately 4% as compared to the preceding quarter, due to lower sales recorded by the textile division.

The Group recorded a lower loss before taxation of approximately RM3.3 million for the current quarter, as compared to approximately RM7.0 million recorded in the preceding quarter for the last financial year primarily due to the following provisions made in the preceding quarter:

- i. an impairment loss of approximately RM1.80 million on the factory building and land owned by a subsidiary
- ii. additional net provision for doubtful debts and write-down of inventories to net realisable value amounting to approximately RM0.48 million and RM0.72 million respectively;
- iii. a loss on disposal of fixed assets amounting to approximately RM0.18 million; and
- iv. an additional provision for retirement benefits amounting to RM0.26 million.

## **Additional Information As Required By The Bursa Malaysia Listing Requirements**

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### **3. Current year prospects**

The current year prospects for the Group would depend on the prevailing textile market condition, successful procurement of new engineering and construction projects and new contracts for the supply of textiles from the Government.

The Company is endeavouring to secure new contracts and businesses which will put the Company in a better financial footing. As a result, the Group has successfully secured 2 new construction contracts of approximately RM346 million in July 2005 and September 2005 respectively. The Group has also initiated negotiations with the relevant financial institutions on its debts restructuring and fund raising exercise, the details of which will be announced once it is finalised.

### **4. Variance from profit forecast and profit guarantee**

This is not applicable as no profit forecast or profit guarantee were made or issued by the Group.

### **5. Tax expense**

There was no tax expense recorded for the current quarter and the current year to date.

### **6. Profits/(losses) on sale of unquoted investments and/or properties**

There were no profits/(losses) on sale of unquoted investments and/or properties during the reporting quarter.

### **7. Quoted securities**

There were no investments, purchases and sales of quoted securities by the Group during the reporting quarter.

### **8. Status of corporate proposals**

- I) On 24 August 2004, the Company announced a proposed issuance of up to 6,777,000 ordinary shares of RM1 each through a private placement at a price to be determined, for additional working capital purposes ("Proposed Private Placement").

The Proposed Private Placement has been approved by the Securities Commission ("SC"), vide its letter dated 28 December 2004. The SC had also, vide the same letter, approved the Proposed Private Placement pursuant to the Foreign Investment Committee's Guidelines for the Regulation of Acquisition of Assets, Mergers and Take-Overs, 1974.

On 28 July 2005, the Company announced that the approval of the SC for implementation of the Proposed Private Placement has lapsed.

## **Additional Information As Required By The Bursa Malaysia Listing Requirements**

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- II) On 7 April 2005, the Company announced that the Company and its wholly owned subsidiary, PCB Power Sdn Bhd ("PCBP") had on 6 April 2005 entered into a Share Sale Agreement with MHES Sdn Bhd (MHES) to acquire 6,222,001 (approximately 51%) of the issued and paid-up share capital in MHES Asia Sdn Bhd (MHESA) for a consideration of RM7,900,000 (Ringgit Malaysia Seven Million Nine Hundred Only) ("Sale Consideration").

The corporate exercise is currently pending implementation by the Company.

- III) On 7 April 2005, the Company announced that PCBP had on 6 April 2005 entered into a Share Sale Agreement with MHES to acquire 5,000,000 (approximately 20.1%) of the issued and paid-up share capital in Meridien Utilities Sdn Bhd (MUSB) ("Sale Share") for a consideration of RM5,000,000 (Ringgit Malaysia Five Million Only) ("Sale Consideration").

The corporate exercise is currently pending implementation by the Company.

- IV) On 18 July 2005, the Company announced that the Company had entered into a Construction Agreement with Rights Development Activities Sdn Bhd ("RDA") to undertake construction and completion of various parcels of residential and commercial development projects ("Proposed Projects") in the State of Melaka. The construction contract ("the Contract") of the Proposed Projects shall be undertaken and completed by the Company over a period of five (5) years beginning 3rd Quarter 2005 at an estimated contract value of RM333 Million (Ringgit Malaysia Three Hundred Thirty Three Million Only).

The Contract is not a turnkey contract as the design of the Proposed Projects has been prepared by RDA and the actual contract sum shall be determined based on a pre agreed cost plus basis between the parties.

RDA is a company incorporated in Malaysia under the Companies Act 1965 having its registered office at 195-B, Taman Melaka Raya, 75000 Melaka and is principally involved in property development activities. RDA has been appointed by the landowners, its wholly-owned subsidiaries as the developer for the Proposed Projects.

The claims on work done will be billed by the Company progressively based on agreed milestones between the parties. The source of fund for the Contract will be from internally generated funds and/or bank borrowings.

The Contract is expected to contribute positively to PCB Group's earnings and net tangible assets commencing financial year ending 31 May 2006 until completion of the Contract.

- V) On 2 September 2005, the Company announced that its subsidiary, PCB Engineering Sdn Bhd. ("PCBE") had entered into a Construction Agreement with Limbongan Development Sdn Bhd. to undertake all those balance part of the reclamation works in respect of all that portion of the coast of the State of Melaka and the foreshore sea measuring approximately 50 acres known as Pantai Limbongan, Melaka Tengah.

The said contract shall be undertaken and completed by PCBE over a period of 9 months beginning September 2005 at a contract sum of RM13 million.

Save as disclosed above, there are no other disclosures that are required to be made as at 26 October 2005.

## **Additional Information As Required By The Bursa Malaysia Listing Requirements**

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### **9. Group borrowings and debt securities**

The Group's borrowings and debts securities as at 31 August 2005 were as follows:-

<b>Nature of debt</b>	<b>Security</b>	<b>RM'000</b>
Short Term Borrowings	Unsecured	22,019
	Secured	3,394
Long Term Borrowings	Unsecured	1,352
	Secured	97
Total		26,862

### **10. Off balance sheet financial instruments**

There were no off balance sheet financial instruments for the reporting quarter.

### **11. Changes in material litigation**

There were no significant changes in material litigations of the Group since the last financial year ended 31 May 2005.

### **12. Dividends proposed**

The Board of Directors does not recommend any dividend payment for the current quarter under review.

## Additional Information As Required By The Bursa Malaysia Listing Requirements

### 13. Loss per share

The figures below are used to calculate the loss per share for the Group:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter (Audited)	Current Year To Date	Preceding Year Corresponding Period
	31 August 2005 RM'000	31 August 2004 RM'000	31 August 2005 RM'000	31 August 2004 RM'000
<b>Net loss attributable to shareholders</b>	<b>(3,318)</b>	<b>(3,414)</b>	<b>(3,318)</b>	<b>(3,414)</b>
Number of ordinary shares in issue as at 1 June 2005 / 2004	68,795	67,357	68,795	67,357
Effect of shares issued during the financial year-to-date	-	433	-	433
<b>Number of ordinary shares in issue as at 31 August 2005 / 2004</b>	<b>68,795</b>	<b>67,790</b>	<b>68,795</b>	<b>67,790</b>
<b>Basic loss per share (Sen) (based on the weighted average number of shares)</b>	<b>(4.82)</b>	<b>(5.04)</b>	<b>(4.82)</b>	<b>(5.04)</b>
<b>Weighted average number of shares (‘000)</b>	<b>68,795</b>	<b>67,725</b>	<b>68,795</b>	<b>67,725</b>

### 14. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a Directors' Circular Resolution dated 26 October 2005.