



KUMPULAN BELTON BERHAD
(INCORPORATED IN MALAYSIA)
(127090 H)

3RD QUARTERLY REPORT
on Group Results for the
Financial Quarter
ended 30 September 2006

(The figures have not been audited)



Unaudited interim financial report for the 3rd financial quarter ended 30 September 2006

The Directors of Kumpulan Belton Berhad are pleased to announce the unaudited interim financial report for the 3rd financial quarter ended 30 September 2006.

This interim financial report is prepared in accordance with FRS 134 "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2005.

There was no qualification in the audit report in the most recent audited annual financial statements.

CONDENSED GROUP BALANCE SHEET

	Unaudited As at 30 Sep 2006 RM'000	Audited As at 31 Dec 2005 RM'000
EMPLOYMENT OF CAPITAL		
NON-CURRENT ASSETS		
Properties, plant and equipment	28,542	31,679
Capital work-in-progress	3,161	3,161
Deferred tax assets	12,748	12,068
	<u>44,451</u>	<u>46,908</u>
CURRENT ASSETS		
Development properties	7,506	7,506
Inventories	34,025	35,525
Trade receivables	14,568	13,801
Other receivables, utility deposits and prepayments	2,709	2,700
Tax recoverable	446	446
Term deposits with licensed bank	81	81
Cash in hand and at banks	418	780
	<u>59,753</u>	<u>60,839</u>
Less:		
CURRENT LIABILITIES		
Trade payables	9,466	10,459
Other payables and accruals	17,417	14,007
Interest-bearing borrowings	68,641	69,773
	<u>95,524</u>	<u>94,239</u>
NET CURRENT (LIABILITIES)	<u>(35,771)</u>	<u>(33,400)</u>

	Unaudited As at 30 Sep 2006 RM'000	Audited As at 31 Dec 2005 RM'000
TOTAL ASSETS less CURRENT LIABILITIES	8,680	13,508
NON-CURRENT LIABILITIES		
Interest-bearing borrowings	<u>(40)</u>	<u>(53)</u>
	8,640	13,455
DEFERRED LIABILITIES		
Deferred tax liabilities	<u>(237)</u>	<u>(252)</u>
NET ASSETS	<u>8,403</u>	<u>13,203</u>
CAPITAL EMPLOYED		
EQUITY		
Equity attributable to equity holders of the parent		
Issued share capital	85,115	85,115
Share premium	9,791	9,791
Accumulated (losses)	<u>(89,527)</u>	<u>(84,666)</u>
	5,379	10,240
Minority interests	<u>3,024</u>	<u>2,963</u>
NET EQUITY	<u>8,403</u>	<u>13,203</u>
NET ASSETS	RM	RM
Per RM1.00 (2005 : RM1.00) ordinary share of equity holders of the parent	<u>0.06</u>	<u>0.12</u>

The Condensed Group Balance Sheet should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2005.

CONDENSED GROUP INCOME STATEMENT

For the 3rd financial quarter

	Unaudited		Unaudited	
	3 months ended		9 months ended	
	30 Sep 2006	30 Sep 2005	30 Sep 2006	30 Sep 2005
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales	12,713	13,071	36,611	38,530
Less:				
Cost of sales	(10,029)	(9,847)	(31,643)	(28,823)
Gross profit	2,684	3,224	4,968	9,707
Other operating income	-	-	-	90
	2,684	3,224	4,968	9,797
Less:				
EXPENSES				
Selling and distribution	(489)	(375)	(1,448)	(1,272)
Administration	(889)	(1,141)	(3,302)	(3,388)
Finance				
- Bank commission and charges	(9)	(14)	(38)	(46)
PROFIT FROM OPERATIONS BEFORE INTEREST CHARGES	1,297	1,694	180	5,091
- Interest charges on borrowings	(1,838)	(1,451)	(5,663)	(4,338)
(LOSS)/ PROFIT FROM OPERATIONS	(541)	243	(5,483)	753
Profit on disposal of motor vehicle	16	59	16	179
Profit on disposal of other investment	-	-	1	-
Allowance for doubtful non-trade debts	(8)	-	(29)	-
Debt waived by bank	-	-	-	78
(LOSS)/ PROFIT BEFORE TAXATION	(533)	302	(5,495)	1,010
Less:				
Taxation	(48)	(213)	695	(678)
(LOSS)/ PROFIT FOR THE PERIOD	(581)	89	(4,800)	332
Attributable to:				
Equity holders of the parent	(631)	65	(4,861)	164
Minority interests	50	24	61	168
	(581)	89	(4,800)	332
	Sen	Sen	Sen	Sen
EARNINGS				
(Loss)/ Profit per RM1.00 (2005: RM1.00) ordinary share	(0.74)	0.08	(5.71)	0.19

The Condensed Group Income Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2005.

CONDENSED GROUP SHAREHOLDERS' EQUITY STATEMENT
for the financial 3rd quarter ended 30 September 2006

----- Attributable to equity holders of the parent -----

Non-
distributable

For the 9 months ended 30 September 2006	Issued Share capital RM'000	Share premium RM'000	Accumulated (losses) RM'000	Net RM'000	Minority interests RM'000	Net equity RM'000
As at 1 January 2006	85,115	9,791	(84,666)	10,240	2,963	13,203
(Loss) for the financial period	-	-	(4,861)	(4,861)	61	(4,800)
As at 30 September 2006	<u>85,115</u>	<u>9,791</u>	<u>(89,527)</u>	<u>5,379</u>	<u>3,024</u>	<u>8,403</u>

For the 9 months ended 30 September 2005

As at 1 January 2005	85,115	9,791	(83,410)	11,496	2,842	14,338
Profit for the financial period	-	-	164	164	168	332
As at 30 September 2005	<u>85,115</u>	<u>9,791</u>	<u>(83,246)</u>	<u>11,660</u>	<u>3,010</u>	<u>14,670</u>

The Condensed Group Shareholders' Equity Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2005.

CONDENSED GROUP CASH FLOW STATEMENT

for the financial 3rd quarter ended 30 September 2006

	Unaudited	
	9 months ended	
	30 Sep 2006	30 Sep 2005
	RM'000	RM'000
OPERATING ACTIVITIES		
Operations		
Cash generated before interest charges	1,695	5,268
Interest charges on borrowings paid	(550)	(627)
Cash from operating activities before taxation	1,145	4,641
Income tax refunded	-	1
Net cash from operating activities	1,145	4,642
INVESTING ACTIVITIES		
Purchase of properties, plant and equipment	(161)	(201)
Additions in capital work-in-progress	-	(248)
Withdrawal of short-term deposits as securities	-	15
Proceeds from disposal of other investment	1	-
Proceeds from disposal of plant, equipment and fittings	10	212
Net cash (used) in investing activities	(150)	(222)
FINANCING ACTIVITIES		
Payments to hire purchase creditors	(32)	(26)
CASH AND CASH EQUIVALENTS		
Net increase in the financial period	963	4,394
Amount waived by bank	-	78
As at beginning of financial period	(12,213)	(16,147)
As at end of financial period	(11,250)	(11,675)

The Condensed Group Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2005.

NOTES TO THE INTERIM FINANCIAL REPORT
for the 3rd financial quarter ended 30 September 2006**Basis of preparation**

The interim financial report is unaudited and has been prepared in compliance with FRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. It should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2005.

FRS 134 - Paragraph 16**A1. Accounting policies and methods**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for adoption of 17 new/revised Financial Reporting Standards ("FRS") which are effective for financial statements commencing 1 January 2006. Another 2 FRSs issued by the MASB will only be effective for financial statements commencing 1 October 2006.

The adoption of the 17 FRS does not have a significant impact on the results of operations and the financial position of the Group.

A2. Seasonal or cyclical factors

There is no seasonal or cyclical factor which affects the results of the operations of the Group.

A3. Unusual items

There is no sale of quoted investments and/or properties for the current financial quarter.

A4. Material changes in estimation of amounts reported

There is no material change in estimation of amounts reported.

A5. Changes in debt and equity

There is no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter-to-date.

A6. Dividends

No interim dividend has been paid in the current financial quarter.

NOTES TO THE INTERIM FINANCIAL REPORT
for the 3rd financial quarter ended 30 September 2006

A7. Segment information
Activities all carried out in Malaysia

<u>For the 3 months ended 30 September 2006</u>	<u>Manufacturing</u>	<u>Property development</u>	<u>Total</u>
	RM'000	RM'000	RM'000
OPERATING ACTIVITIES			
REVENUE			
External	12,713	-	12,713
Internal	6,151	-	6,151
	<u>18,864</u>	<u>-</u>	<u>18,864</u>
Elimination			
Internal	(6,151)	-	(6,151)
	<u>12,713</u>	<u>-</u>	<u>12,713</u>
Cost of sales			<u>(10,029)</u>
Gross profit			2,684
Other operating income			-
Operating expenses			<u>(3,225)</u>
(Loss) from operating activities	(157)	(384)	(541)
Profit on disposal of motor vehicle	16	-	16
Profit on disposal of other investment	-	-	-
Allowance for doubtful non-trade debt	(8)	-	(8)
(Loss) before taxation	(149)	(384)	(533)
Taxation	(48)	-	(48)
(Loss) after taxation	<u>(197)</u>	<u>(384)</u>	<u>(581)</u>
Attributable to:			
Equity holders of the parent	(247)	(384)	(631)
Minority interests	50	-	50
	<u>(197)</u>	<u>(384)</u>	<u>(581)</u>
Other information			
Segment assets	83,049	7,961	91,010
Segment liabilities	78,009	17,555	95,564
Capital expenditure	128	-	128
Non-cash expenses			
- Depreciation/amortisation on property, plant and equipment	2,205	-	2,205
- Allowance for doubtful debts (net)	88	-	88
- Unrealised profit on translation of foreign receivables and payables	189	-	189

NOTES TO THE INTERIM FINANCIAL REPORT
for the 3rd financial quarter ended 30 September 2006

<u>For the 9 months ended 30 September 2006</u>	<u>Manufacturing</u>	<u>Property development</u>	<u>Total</u>
	RM'000	RM'000	RM'000
OPERATING ACTIVITIES			
REVENUE			
External	36,611	-	36,611
Internal	21,510	-	21,510
	<u>58,121</u>	<u>-</u>	<u>58,121</u>
Elimination			
Internal	<u>(21,510)</u>	<u>-</u>	<u>(21,510)</u>
	<u>36,611</u>	<u>-</u>	<u>36,611</u>
Cost of sales			<u>(31,643)</u>
Gross profit			4,968
Other operating income			-
Operating expenses			<u>(10,451)</u>
(Loss) from operating activities	(4,341)	(1,142)	(5,483)
Profit on disposal of motor vehicle	16	-	16
Profit on disposal of other investment	1	-	1
Allowance for doubtful non-trade debt	<u>(8)</u>	<u>(21)</u>	<u>(29)</u>
(Loss) before taxation	(4,332)	(1,163)	(5,495)
Taxation	<u>695</u>	<u>-</u>	<u>695</u>
(Loss) after taxation	<u>(3,637)</u>	<u>(1,163)</u>	<u>(4,800)</u>
Attributable to:			
Equity holders of the parent	(3,698)	(1,163)	(4,861)
Minority interests	<u>61</u>	<u>-</u>	<u>61</u>
	<u>(3,637)</u>	<u>(1,163)</u>	<u>(4,800)</u>
Other information			
Segment assets	83,049	7,961	91,010
Segment liabilities	78,009	17,555	95,564
Capital expenditure	161	-	161
Non-cash expenses			
- Depreciation/amortisation on property, plant and equipment	3,298	-	3,298
- Allowance for doubtful debts (net)	85	-	85
- Unrealised profit on translation of foreign receivables and payables	<u>(172)</u>	<u>-</u>	<u>(172)</u>

NOTES TO THE INTERIM FINANCIAL REPORT
for the 3rd financial quarter ended 30 September 2006

A8. Property, plant and equipment

The valuation of land and building has been brought forward without amendment from the most recent audited financial statements as no revaluation has been carried out since 1991.

	For the 9 months ended 30 Sep 2006		
	Stated at valuation	Stated at cost	Total
	RM'000	RM'000	RM'000
<u>Valuation/cost</u>			
As at 1 January 2006	1,206	92,248	93,454
Additions	-	161	161
As at 30 September 2006	1,206	92,341	93,547
<u>Accumulated depreciation/amortisation</u>			
As at 1 January 2006	360	61,415	61,775
Charge for the period	19	3,279	3,298
As at 30 September 2006	379	64,626	65,005
Net book value	827	27,715	28,542

A9. Inventories

	As at 30 Sep 2006 RM'000
<u>Stated at cost</u>	
Held for	
- Manufacture	
Raw materials	6,761
Packing materials	331
Tools, dies and jigs	11,290
Work-in-progress	2,732
	21,114
- Maintenance	
Tools and supplies	550
- Sale	
Finished products	12,361
	34,025

A10. Events subsequent to the balance sheet date

There is no material subsequent event within 7 days before the issue date of this interim financial report except for the winding-up petition and the interim stay on Section 231 ex-parte order as announced on 22, 24 and 28 November 2006.

NOTES TO THE INTERIM FINANCIAL REPORT
for the 3rd financial quarter ended 30 September 2006

A11. Changes in composition of the Group

There is no change in composition of the Group during this current financial quarter.

A12. Contingent liabilities

The Group has no contingent liability within 7 days before the date of issue of this interim financial report.

A13. Capital commitments

There is no capital commitment.

A14. Extraordinary item

There is no extraordinary item.

A15. Related party transactions

The related party transactions of the Group have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third party.

Other than intragroup transactions, the transactions with the related parties of the Group are set out below:

	3 months ended 30 Sep 2006	9 months ended 30 Sep 2006
	RM'000	RM'000
Revenue/ (expense) transactions with:		
APC Marketing Sdn. Bhd.		
- Purchase of metal-based parts	(42)	(97)
- Sale of tractor parts and automotive components	545	2,180
Austraco Sdn. Bhd.		
- Purchase of sub parts, tooling and consumables	(318)	(874)
- Sale of tractor parts and automotive components	801	1,186
Malaysia Metal Industries Sdn. Bhd.		
- Purchase of bolts, nuts and steel materials	-	(8)
PPI (Singapore) Pte. Ltd.		
- Purchase of metal-based materials and parts	(13)	(13)
- Sale of automotive components	186	743
PPI Holdings Sdn Bhd		
- Renting of factory	(30)	(90)
Top Steel Industries Sdn. Bhd.		
- Purchase of steel materials	-	(566)
Top Steel Manufacturing Sdn. Bhd.		
- Purchase of steel materials	(743)	(2,334)

NOTES TO THE INTERIM FINANCIAL REPORT
for the 3rd financial quarter ended 30 September 2006

Bursa Malaysia Securities Berhad Listing Requirements (Part A of Appendix 9B)

B1. Review of financial performance of the Company and its subsidiaries

	9 months ended	
	30 Sep 2006	30 Sep 2005
	RM'000	RM'000
Group turnover	36,611	38,530
Group (loss)/ profit from operations	(5,483)	753
Group (loss)/ profit before taxation	(5,495)	1,010

The Group made a loss before taxation for the current financial period-to-date as compared to a profit before taxation for the corresponding financial period mainly due to lower turnover and increased operating costs and interest charges in the current financial period-to-date.

B2. Comments on material changes in loss before taxation in the current financial quarter as compared with the immediate preceding financial quarter

	3 months ended	
	30 Sep 2006	30 Jun 2006
	RM'000	RM'000
Group turnover	12,713	12,509
Group (loss) from operations	(541)	(2,528)
Group (loss) before taxation	(533)	(2,548)

The Group made a lower loss before taxation for the current quarter as compared to the preceding quarter mainly due to increase in selling prices and cost reduction measures undertaken in the current financial quarter.

B3. Current year prospects

The Directors expect the current competitive trading environment to prevail and will continue to manage cautiously to achieve a satisfactory financial performance for the financial year ending 31 December 2006.

B4. Variations from

- (a) Forecast - Not applicable
- (b) Profit guarantee - Not applicable

NOTES TO THE INTERIM FINANCIAL REPORT
for the 3rd financial quarter ended 30 September 2006

B5. Taxation

	3 months ended 30 Sep 2006 RM'000	9 months ended 30 Sep 2006 RM'000
<u>Income tax</u>		
Current		
- Expense for the financial quarter	-	-
Deferred		
- Based on results of the financial quarter	(48)	695
Total	<u>(48)</u>	<u>695</u>

The tax credit for the current financial period is due to recognition of deferred tax assets by certain subsidiaries.

B6. Long-term investments

The Group did not purchase or dispose any quoted/unquoted securities during the current quarter and financial period-to-date except for the disposal of other investment for RM920 in the 2nd financial quarter. There was no investment in quoted/unquoted securities as at end of the reporting period other than investments in subsidiaries.

B7. Corporate proposal

There is no corporate proposal within 7 days before the date of issue of this interim financial report except as previously announced on 22 May 2003 that Kumpulan Belton Berhad and its six subsidiaries have entered into Sale and Leaseback Agreements with PT Growth Sumatra Industry Ltd. ("PTGS"), a company incorporated in Indonesia, for disposal of their properties and machineries for a total consideration of USD 12 million and subsequent leasing back. PTGS has requested for certain changes in terms and conditions. This transaction has not been finalised.

B8. Borrowings and debt securities

	Secured RM'000	Unsecured RM'000	Total RM'000
As at the end of the reporting period, 30 Sep 2006			
(a) Bank overdrafts	6,505	5,163	11,668
Other banking facilities	20,700	36,313	57,013
	<u>27,205</u>	<u>41,476</u>	<u>68,681</u>
(b) Short-term borrowings	27,165	41,476	68,641
Long-term borrowings	40	-	40
	<u>27,205</u>	<u>41,476</u>	<u>68,681</u>

NOTES TO THE INTERIM FINANCIAL REPORT
for the 3rd financial quarter ended 30 September 2006

B9. Off balance sheet financial instruments

There is no financial instrument with off balance sheet risk within 7 days before the issue date of this interim financial report or entered into after the end of this reporting period.

B10. Material litigations

There is no material litigation within 7 days before the issue of this interim financial report except for those litigations as announced on 29 November 2006.

B11. Dividend

The directors do not recommend any interim dividend for the current financial period under review.

B12. Earnings

	For 3 months ended		For 9 months ended	
	30 Sep 2006	30 Sep 2005	30 Sep 2006	30 Sep 2005
	RM'000	RM'000	RM'000	RM'000
(Loss)/ Profit for the financial period	(631)	65	(4,861)	164
	No.	No.	No.	No.
Number of ordinary shares in issue	85,114,827	85,114,827	85,114,827	85,114,827
	Sen	Sen	Sen	Sen
(Loss)/ Profit per ordinary share of RM1.00 (2005 : RM1.00) each	(0.74)	0.08	(5.71)	0.19

Date of authorisation for issue

The Board of Directors authorised this interim financial report for issue on 30 November 2006.

By Order of the Board

Foong Kai Ming
Company Secretary

Kuala Lumpur,
30 November 2006