

AVANGARDE RESOURCES BERHAD

(Company No. 422507-D)

Notes to the interim financial report – 31 March 2006

1. Basis of preparation

This interim financial report is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2004.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2004.

2. Seasonal and cyclical factors

The business of the Group was not affected by any significant seasonal or cyclical factors in the third quarter, apart from the unfavourable impact on the overall construction industries due to current general economic environment.

3. Debt and equity securities

Other than the above there has been no other issuance and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to-date.

4. Dividends paid

No dividend was paid during the financial year-to-date.

5. Segment information

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

2006	External Customer	Intersegment	Gross Asset	Profit/(Loss) before tax
Analysis by activities	RM'000	RM'000	RM'000	RM'000
Investment and services	-	-	4,294	(66)
Construction	13	-	11,784	(1,233)
Manufacturing	-	-	5,257	(176)
Plantation	-	-	28	-
	<u>13</u>	<u>-</u>	<u>21,363</u>	<u>(1,475)</u>
Consolidation adjustment	-	-	(1,019)	171
	<u>13</u>	<u>-</u>	<u>20,344</u>	<u>(1,304)</u>

AVANGARDE RESOURCES BERHAD

(Company No. 422507-D)

Notes to the interim financial report – 31 March 2006

2005 Analysis by activities	← Revenue →		Gross Asset RM'000	Profit/(Loss) before tax RM'000
	External Customer RM'000	Intersegment RM'000		
Investment and services	-	-	46,830	(62)
Construction	107	-	158,663	(1,395)
Manufacturing	-	-	9,315	(285)
Plantation	-	-	2,097	(1)
	<u>107</u>	<u>-</u>	<u>216,905</u>	<u>(1,743)</u>
Consolidation adjustment	-	-	(43,559)	-
	<u>107</u>	<u>-</u>	<u>173,346</u>	<u>(1,743)</u>

6. Property, plant and equipment

The valuations of land and building have been brought forward, without amendment from previous quarter.

7. Events subsequent to the balance sheet date

There are no material events subsequent to the end of 31 March 2006 that have not been reflected in the financial statement ended 31 March 2006, made up to a date earlier than 7 days from the date of issue of this quarter report.

8. Changes in composition of the Group

On 28 March 2006, the Court has granted the petition to wind-up the Company subsidiary, Jayerena Construction Sdn Bhd (JCSB). The Company is appealing for stay and JCSB is appealing to the Court decision.

9. Changes in contingent liabilities

As at 31 March 2006, the guarantees for credit facilities granted by supplier for supply of goods to subsidiary companies remains at RM2.79 million.

The Company is contingently liable for the guarantees granted to third parties and subsidiary amounting to RM5.4 million.

The Company is also contingently liable to the financial institution for credit facilities granted to subsidiary companies of which corporate guarantee is given amounting to RM77.9 million as at 31 March 2005.

AVANGARDE RESOURCES BERHAD
(Company No. 422507-D)

Notes to the interim financial report – 31 March 2006

10. Capital commitments

No capital commitment was authorised nor contracted for during the current financial year to-date.

11. Related party transactions

There has been no related party transaction during the financial period ending 31 March 2006 and corresponding period ending 31 March 2005.