



Condensed Consolidated Income Statements
For the Three-Month Period Ended 30 June 2006

	Note	3 months ended		3 months ended	
		30.06.2006	30.06.2005 Restated	30.06.2006	30.06.2005 Restated
		RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue	I (j)	7,091	23,324	7,091	23,324
Cost of sales		(9,594)	(22,005)	(9,594)	(22,005)
Gross (loss) / profit		(2,503)	1,319	(2,503)	1,319
Other operating income		696	860	696	860
Administrative expenses		(4,262)	(1,395)	(4,262)	(1,395)
Other operating expenses		(77)	(888)	(77)	(888)
Loss from operations		(6,146)	(104)	(6,146)	(104)
Loss from investing activities		(2,152)	-	(2,152)	-
Finance costs, net		(2,848)	(2,314)	(2,848)	(2,314)
Loss before taxation	I (j)	(11,146)	(2,418)	(11,146)	(2,418)
Taxation	5	-	(3)	-	(3)
Loss for the period		(11,146)	(2,421)	(11,146)	(2,421)
Loss per share attributable to equity holders of the parent (sen)					
Basic, for loss for the period	13	14.85	3.23	14.85	3.23

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Balance Sheets

As at 30 June 2006

	Note	As at 30.06.2006 (Unaudited) RM'000	As at 31.03.2006 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	I (I)	144,903	157,547
Investment property		1,947	1,976
Biological assets		5,735	6,054
Deferred tax assets		10	11
		<u>152,595</u>	<u>165,588</u>
Current Assets			
Biological assets		3,512	5,069
Inventories		2,998	3,010
Trade receivables		3,087	7,588
Other receivables		22,094	11,229
Tax recoverables		1,180	1,239
Deposits with licensed banks		21	2,740
Cash and bank balances		960	751
		<u>33,852</u>	<u>31,626</u>
TOTAL ASSETS		<u>186,447</u>	<u>197,214</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		75,040	75,040
Share premium		591	591
Reserve on consolidation		3,742	3,742
Merger deficit		(9,168)	(9,168)
Revaluation reserves		57,137	57,137
Accumulated losses		(221,214)	(210,068)
Total equity		<u>(93,872)</u>	<u>(82,726)</u>
Non-current liabilities			
Term loans	9	92,699	68,951
Lease and hire purchase creditors	9	24	420
Deferred tax liabilities		1,031	1,032
		<u>93,754</u>	<u>70,403</u>
Current liabilities			
Short term borrowings	9	139,808	161,382
Trade payables		12,572	13,247
Other payables		33,683	34,427
Tax payables		502	481
		<u>186,565</u>	<u>209,537</u>
Total liabilities		<u>280,319</u>	<u>279,940</u>
TOTAL EQUITY AND LIABILITIES		<u>186,447</u>	<u>197,214</u>
Net Liabilities per Share (RM)		<u>1.25</u>	<u>1.10</u>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statements of Changes in Equity

For the Three-Month Period Ended 30 June 2006

	←-----Non-Distributable----->				Distributable		Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Asset revaluation reserve RM'000	Reserve on consolidation RM'000	Merger deficit RM'000	Accumulated losses RM'000	
At 1 Apr 2005	75,040	591	61,440	3,742	(9,168)	(150,656)	(19,011)
Net loss for the period	-	-	-	-	-	(2,421)	(2,421)
At 30 June 2005	<u>75,040</u>	<u>591</u>	<u>61,440</u>	<u>3,742</u>	<u>(9,168)</u>	<u>(153,077)</u>	<u>(21,432)</u>
At 1 Apr 2006	75,040	591	57,137	3,742	(9,168)	(210,068)	(82,726)
Net loss for the period	-	-	-	-	-	(11,146)	(11,146)
At 30 Jun 2006	<u>75,040</u>	<u>591</u>	<u>57,137</u>	<u>3,742</u>	<u>(9,168)</u>	<u>(221,214)</u>	<u>(93,872)</u>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Cash Flow Statements**
For the Three-Month Period Ended 30 June 2006

	3 months ended	
	30.06.2006	30.06.2005
	RM'000	RM'000
Net loss before tax	(11,146)	(2,418)
Adjustments for non-cash flow:-		
Non-cash items	4,180	3,083
Non-operating items	2,848	2,314
Operating loss before changes in working capital	<u>(4,118)</u>	<u>2,979</u>
Changes in working capital		
Net increase in current assets	(4,347)	(27,554)
Net (decrease) / increase in current liabilities	(1,498)	24,025
Net cash flows from operating activities	<u>(9,963)</u>	<u>(550)</u>
Interest paid	(2,848)	(2,806)
Taxation paid	(17)	(15)
Net cash flows generated from operating activities	<u>(12,828)</u>	<u>(3,371)</u>
Investing Activities		
Withdrawal of fixed deposits	2,719	-
Proceeds from disposal of property, plant and equipment	8,555	42
Purchase of property, plant and equipment	(18)	(149)
Deferred expenditure	-	(1)
Interest received	-	492
Net cash flows from investing activities	<u>11,256</u>	<u>384</u>
Financing Activities		
Net proceeds of drawdown / (repayment) of bank borrowings	12,863	(178)
Net cash flows from financing activities	<u>12,863</u>	<u>(178)</u>

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Cash Flow Statements (Cont'd.)

For the Three-Month Period Ended 30 June 2006

	3 months ended	
	30.06.2006	30.06.2005
	RM'000	RM'000
Net Change in Cash & Cash Equivalents	11,291	(3,165)
Cash & Cash Equivalents at beginning of period	(23,870)	(18,909)
Cash & Cash Equivalents at end of period	<u>(12,579)</u>	<u>(22,074)</u>

* Cash and cash equivalents at end of financial period comprise the following:

	3 months ended	
	30.06.2006	30.06.2005
	RM'000	RM'000
Cash and bank balances	960	4,950
Less: Bank overdrafts (included within short-term borrowings in Note 9)	(13,539)	(27,024)
	<u>(12,579)</u>	<u>(22,074)</u>

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.



NOTES TO THE INTERIM FINANCIAL REPORT

(I) Notes in accordance to requirements under Financial Reporting Standards (“FRS”) No. 134- Interim Financial Reporting

(a) Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for the revaluation of freehold land included within property, plant and equipment.

The interim financial report are unaudited and have been prepared in accordance with the requirements of FRS 134 (previously MASB 26): “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for financial year ended 31 March 2006. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and the performance of the Group since the financial year ended 31 March 2006.

(b) Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2006 except for the adoption of the following new/revised Financial Reporting Standards (‘FRS’) applicable to the Group, effective for the financial period beginning 1 April 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 and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
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 of Assets
FRS 140	Investment Property



NOTES TO THE INTERIM FINANCIAL REPORT

(l) Compliance with Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting

The adoption of FRS 3, 101, 102, 108, 110, 116, 121, 127, 132, 133, 136 and 138 does not have significant financial impact on the Group. The principal effect of the changes in accounting policies resulting from the adoption of FRS other new/revised FRS140 is as discussed below:

i) FRS 140 : Investment Property

The adoption of this new FRS has resulted in a change in accounting policy for the investment properties. Properties that qualify to be classified as Investment Property would have to be reclassified out from Property, Plant and Equipment and taken into Investment Property. The Group has adopted the cost model for Investment Property. As such, FRS 108 is applicable and hence comparative information has been restated.

(c) Comparative Information

The following comparative figures have been restated due to the adoption of the new and revised FRSS:

	Previously stated RM'000	Adjustment FRS 140 Note (l) (b) (i) RM'000	Restated RM'000
At 31 March 2006			
Property, Plant and Equipment	159,523	(1,976)	157,547
Investment Property	-	1,976	1,976

(d) Auditors' Report on Preceding Annual Financial Statements

The audited financial statements for the year ended 31 March 2006 were reported with an qualification.



NOTES TO THE INTERIM FINANCIAL REPORT

(l) Compliance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting

(e) Seasonal or Cyclical Factors

The Group's performance is affected by seasonal increases for the poultry sector and wholesale and retail of foodstuffs during major festivals and the cyclical nature of production of fresh fruit bunches and cocoa beans.

(f) Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 June 2006.

(g) Material Changes in Estimates

The revised FRS 116 : Property, Plant and Equipment requires the review of the residual value and the remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group reviewed the residual values and remaining useful life of its property, plant and equipment and found that no revisions to the residual values and remaining useful life of its property, plant and equipment were necessary.

As such, there were no changes in estimates that have had a material effect in the current quarter results.

(h) Changes in Debt and Equity Securities

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

(i) Dividends Paid

No dividend has been declared for the current quarter ended 30 June 2006.



NOTES TO THE INTERIM FINANCIAL REPORT

(l) Compliance with Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting

(j) Segmental Information

The following segment revenues for the 3-month period ended 30 June 2006 have been re-stated due to the over-statement of sales during the said period

	3 months ended 30.06.2006	3 months ended 30.06.2005 Restated
	RM'000	RM'000
Segment Revenue		
Investment holding	177	200
Feedmilling	5,142	9,986
Poultry farming	6,019	11,691
Plantation	810	906
Wholesale and retail of foodstuff	519	6,588
Others	65	216
	<u>12,732</u>	<u>29,587</u>
Eliminations	<u>(5,641)</u>	<u>(6,263)</u>
Group revenue	<u>7,091</u>	<u>23,324</u>
	3 months ended 30.06.2006	3 months ended 30.06.2005 Restated
	RM'000	RM'000
Segment Results		
Investment holding	(4,119)	42
Feedmilling	(180)	930
Poultry farming	(6,863)	(977)
Plantation	20	80
Wholesale and retail of foodstuff	(327)	(164)
Others	323	(15)
	<u>(11,146)</u>	<u>(104)</u>
Eliminations	<u>-</u>	<u>-</u>
Loss before taxation	<u>(11,146)</u>	<u>(104)</u>



NOTES TO THE INTERIM FINANCIAL REPORT

(l) Compliance with Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting

(k) Loss from investing activities

The loss from investing activities was due to disposal of property, plant and equipment during the quarter ended.

(l) Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment and investment properties have been brought forward without amendment from the financial statements for the year ended 31 March 2003.

Comsa owns a highland property of basaltic-volcanic black top soil of 1288 acres located at Quoin Hill valued at RM255 million as at 13 January 2006. This could be developed to be a major contributor to the Group in the future. The financial effect of this revised valuation has not been incorporated in the interim financial statements.

(m) Subsequent Events

There were no other material events subsequent to the end of the current quarter that have not been reflected in this interim financial report.

(n) Changes in Composition of the Group

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

(o) Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.



ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA

(II) Compliance with Appendix 9B of Bursa Malaysia Listing Requirements

1. Performance Review

For the first quarter ended 30 June 2006, the Group recorded a turnover of RM7.09 million, a decrease of 70% compared to the turnover of RM23.32 million registered in the corresponding period of the previous financial year. The decrease in turnover was mainly due to lower selling prices for eggs, scale down of operations of its layer farms due to cashflow constraints experienced by the Group and cessation of broiler and breeding businesses during the third and fourth quarters of 2006. The lower prices for eggs were due to lower demand post festive seasons and the negative consumers' perception towards eggs caused by the outbreaks of bird flu in February and March 2006 in Kuala Lumpur, Perak and Penang respectively.

In tandem with the reduction of turnover, the Group incurred a net loss of RM11.14 million as against a net loss of RM2.4 million for the corresponding period of the previous financial year.

2. Comparison to Preceding Quarter's Results

For the current quarter ended 30 June 2006, the Group incurred a net loss of approximately RM11.14 million, as compared to net loss of RM2.4 million for the quarter ended 30 June 2005.

The higher loss incurred was mainly due to lower selling price of eggs and scale down of operations of its layer farms due to cashflow constraints experienced by the Group and the cessation of broiler and breeding businesses during the third and fourth quarters of 2006.

The lower prices for eggs were due to lower demand post festive seasons and the negative consumers' perception towards eggs caused by the outbreaks of bird flu in February and March 2006 in Kuala Lumpur, Perak and Penang respectively.

3. Prospects

In view of the uncertainties of the poultry industry and the Group's current financial position, the directors expect the Group to operate under a very challenging environment for the subsequent financial year.

4. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and forecast profit after tax and for the shortfall in profit guarantee are not applicable.



ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA

(II) Compliance with Appendix 9B of Bursa Malaysia Listing Requirements

5. Taxation

	3months ended	
	30-06-06	30-06-06
	RM'000	RM'000
Current Taxation	-	-
	<u>-</u>	<u>-</u>

There was no provision for taxation charge for the quarter under review as the Group is in a tax loss position.

6. Profit on Sales of Unquoted Investments and/or Properties

The results for the current quarter do not include any profit or loss on sale of unquoted investments and properties which are not in the ordinary course of business of the Group.

7. Quoted Securities other than Securities in Existing Subsidiaries

There were no dealings of quoted securities for the quarter under review.

8. Corporate Proposals

There were no corporate proposals announced for the current quarter.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA
(II) Compliance with Appendix 9B of Bursa Malaysia Listing Requirements
9. Group Borrowings and Debt Securities

	As at 30.06.2006 RM'000
Short term borrowings	
Secured	98,840
Unsecured	40,968
	<u>139,808</u>
Long term borrowings	
Secured	47,723
Unsecured	45,000
	<u>92,723</u>
	<u>232,531</u>

All of the above borrowings are denominated in Ringgit Malaysia.

As the RM40 Million 2000/2005 Redeemable Unsecured Bonds is due within 12 months, it is now classified as current liabilities within unsecured short term borrowings resulting in net current liabilities.

Comsa had on 19 May 2006 received the Bondholders approval to defer repayment of the due amount and defer enforcing their rights to 31 August 2006.

On 29 May 2006 and 7 June 2006, Comsa drawn down an aggregate term loan facility of RM38.0 million ("Facility") extended by Malaysian Assurance Alliance Berhad ("MAA"). The Facility was used to retire the outstanding debts of RM35.69 million due by Comsa and its subsidiaries to OCBC Bank (Malaysia) Berhad and as working capital requirements for the Group.



ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA

(II) Compliance with Appendix 9B of Bursa Malaysia Listing Requirements

10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the reporting date.

11. Changes in Material Litigation

a) SGS Societe Generale De Surveillance SA ("SGS") vs Comsa Feedmills Sdn Bhd ("Comsa Feedmills")

A Writ of Summons dated 4 October 2005 was served by SGS Societe Generale De Surveillance SA ("the Plaintiff") on a subsidiary, namely, Comsa Feedmills Sdn Bhd, ("Comsa Feedmills").

In the said suit the Plaintiff is alleging that Comsa Feedmills had in breach of the terms of the Collateral Management Agreement dated 17 July 2003 ("CMA") unlawfully taken or caused to be taken various quantities of Chinese Yellow Maize and Soya Bean Meal ("the Goods") from certain silos and warehouses amounting USD 3,348,320.86 between March 2004 and December 2004 and had failed to pay for the Goods. The Plaintiff is claiming for damages for breach of the CMA, an account of all goods allegedly taken by Comsa Feedmills and damages in the value of the Goods so taken.

Comsa Feedmills has denied the allegations and claims of the Plaintiff and has counterclaimed against the Plaintiff. Comsa Feedmills alleges that the Plaintiff, in breach of its obligations pursuant to the CMA and/or alternatively by reason of the Plaintiff's negligence, caused 20,206.05 Metric Tonnes of Goods to be missing from the silos and warehouses thereby resulting in loss and damages to Comsa Feedmills. Comsa Feedmills' counterclaim amounts to RM14,248,268.92 together with damages, interest and costs.

The directors are of the view that Comsa Feedmills has a reasonable chance of successfully defending the suit.

b) Orix Credit Malaysia Sdn Bhd ("Orix") Vs Comsa Farms Berhad ("Comsa")

- (i) On 12 December 2005, Orix had served Comsa the notice of intention to repossess layer house equipment due to Comsa's failure to pay the instalments punctually on the due dates as per the hire purchase terms of the Hire Purchase Agreement dated 2 January 2003.

Orix had on 15 February 2006, through their solicitors, Messrs. Dr Yee Tan & Associates, demanded payment of the outstanding debt of RM756,039.17. Notwithstanding such demand, Comsa had failed, neglected and/or otherwise refused to settle the same within the stipulated period upon which Orix terminated the Hire Purchase Agreement



ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA

(II) Compliance with Appendix 9B of Bursa Malaysia Listing Requirements

11. . Changes in Material Litigation (Cont'd)

b) Orix Credit Malaysia Sdn Bhd ("Orix") Vs Comsa Farms Berhad ("Comsa")

- (ii) On 24 March 2006, Orix claimed for the following sums:-
- a) The sum of RM357,111.00 as at 24 February 2006;
 - b) Agreed interest thereon at the rate of 0.065% per day on the sum of RM302,600.00 from 25 February 2006 to the date of full payment;
 - c) Statutory interest thereon at the rate of 8% per annum on the sum of RM302,600.00 from the date of judgement to the date of full payment;
 - d) Costs; and
 - e) Any other relief as the Court deems fit.

Comsa in consultation with its lawyers will be submitting an appeal to the court.

c) Claim by Bayerische Hypo-Und Vereinsbank AG ("Bayeriche") vs Comsa Layer Farms Sdn Bhd ("CLF")

Bayeriche, a Dutch company had via Tawau High Court Civil Suite No. 22-12-2000 filed a claim amounting to RM436,821.00 together with interest and cost against CLF for goods delivered in 1995 but were subsequently rejected by CLF on the grounds that the shipment delivered by Bayeriche were not of the specified quantity nor quality requested by CLF.

Summary judgement for Bayeriche had been set aside with cost on appeal by CLF. The High Court had on the 24 August 2005 allowed Bayeriche's claim for RM436,821.00 together with interest and costs.

d) Letters demand issued financial institution creditors

Two subsidiary companies, Comsa Breeding Farms Sdn Bhd ("CBF") and Comsa Layer Farms Sdn Bhd ("CLF") have been unable to repay their bank borrowings comprising the principal sums and accrued interest amounting to RM21,119,000 and RM3,900,000 respectively. As a result of this, CBF and CLF were served with demand letters by solicitors of the creditor banks on 1 June 2006, 5 June 2006 and 19 June 2006.



ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA

(II) Compliance with Appendix 9B of Bursa Malaysia Listing Requirements

12. Dividend Proposed or Declared

No dividend has been declared for the financial period ended 30 June 2006 (31 March 2006: RM Nil).

13. Loss Per Share

(a) Basic

The losses per share were calculated by dividing the net loss for the period by the weighted average number of ordinary shares in issue during the period.

	3 months ended 30.06.2006	3 months ended 30.06.2006
Net loss for the period (RM'000)	(11,146)	(11,146)
Weighted average number of ordinary shares in issue ('000)	75,040	75,040
Loss per share (sen)	<u>(14.85)</u>	<u>(14.85)</u>

On behalf of the Board
COMSA FARMS BERHAD (425758-U)

LILY YIN KAM MAY (MAICSA 0878038)
Company Secretary

Kuala Lumpur

30 August 2006