

# **INTAN UTILITIES BERHAD**

INCORPORATED IN MALAYSIA

(Company No. 371677-T)

Date: 29-May-06

To: Listing Department  
Bursa Malaysia Securities Berhad  
9th Floor, Exchange Square  
Bukit Kewangan  
50200 Kuala Lumpur

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR THE  
QUARTER ENDED 31 MARCH 2006**

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**INTAN UTILITIES BERHAD (Company No.: 371677-T)**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2006**

	<b>Unaudited as at 31-Mar-06 RM'000</b>	<b>Audited as at 31-Dec-05 RM'000</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	186,646	179,181
Investment in associate	36,314	34,156
Other long term investment	1	1
Intangible assets	83,607	83,527
	<b>306,568</b>	<b>296,865</b>
<b>Current Assets</b>		
Inventories	73,884	70,191
Trade and other receivables	47,469	41,113
Short term investments	2,333	2,366
Tax recoverable	1,009	127
Cash and bank balances	26,698	26,463
	<b>151,393</b>	<b>140,260</b>
<b>TOTAL ASSETS</b>	<b>457,961</b>	<b>437,125</b>
<b>Capital and Reserves</b>		
Share capital	96,377	96,377
Reserves	81,404	79,435
Total capital and reserves		
attributable to the equity holders of Parent	<b>177,781</b>	<b>175,812</b>
Minority interest	12,967	13,449
Total equity	<b>190,748</b>	<b>189,261</b>
<b>Non-Current Liabilities</b>		
Hire purchase payables	10,155	9,931
Term loan	2,408	2,781
Deferred taxation	5,666	5,717
Provisions	5,952	5,600
	<b>24,181</b>	<b>24,029</b>
<b>Current Liabilities</b>		
Trade and other payables	220,606	200,565
Short term borrowings	22,426	22,708
Provision for taxation	-	562
	<b>243,032</b>	<b>223,835</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>457,961</b>	<b>437,125</b>
<b>Net Assets per share attributable to ordinary shareholders of the Parent (RM)</b>	<b>1.8446</b>	<b>1.8242</b>

*The notes set out on pages 6 to 8 form an integral part of, and, should be read in conjunction with, this interim financial report.*

**INTAN UTILITIES BERHAD (Company No.: 371677-T)**  
**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE QUARTER ENDED 31 MARCH 2006**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Quarter Ended 31-Mar-06 RM'000</b>	<b>Preceding Year Corresponding Quarter 31-Mar-05 RM'000</b>	<b>Current Year To Date 31-Mar-06 RM'000</b>	<b>Preceding Year Corresponding Period 31-Mar-05 RM'000</b>
<b>Revenue</b>	<b>201,143</b>	<b>154,043</b>	<b>201,143</b>	<b>154,043</b>
Operating expenses, net	<u>(200,984)</u>	<u>(154,741)</u>	<u>(200,984)</u>	<u>(154,741)</u>
<b>Operating profit / (loss)</b>	<b>159</b>	<b>(698)</b>	<b>159</b>	<b>(698)</b>
Share of profit after tax - associate	2,158	997	2,158	997
Finance costs	<u>(786)</u>	<u>(832)</u>	<u>(786)</u>	<u>(832)</u>
<b>Profit / (Loss) before taxation</b>	<b>1,531</b>	<b>(533)</b>	<b>1,531</b>	<b>(533)</b>
Tax expense	<u>(44)</u>	<u>326</u>	<u>(44)</u>	<u>326</u>
<b>Profit / (Loss) for the period</b>	<b><u>1,487</u></b>	<b><u>(207)</u></b>	<b><u>1,487</u></b>	<b><u>(207)</u></b>
Attributable to:				
- Equity holders of the Parent	1,969	29	1,969	29
- Minority interest	<u>(482)</u>	<u>(236)</u>	<u>(482)</u>	<u>(236)</u>
	<b><u>1,487</u></b>	<b><u>(207)</u></b>	<b><u>1,487</u></b>	<b><u>(207)</u></b>
Basic earnings per ordinary share (sen)	2.0430	0.0301	2.0430	0.0301
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

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**INTAN UTILITIES BERHAD (Company No.: 371677-T)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 31 MARCH 2006**

	<u>Attributable to the equity holders of Parent</u>				
	Share capital RM'000	Non- Distributable Capital reserve RM'000	Distributable Retained profits RM'000	Minority interest RM'000	Total Equity RM'000
At 1 January 2006	96,377	1,082	78,353	13,449	189,261
Net profit for the period	-	-	1,969	(482)	1,487
At 31 March 2006	<u>96,377</u>	<u>1,082</u>	<u>80,322</u>	<u>12,967</u>	<u>190,748</u>
At 1 January 2005	96,377	1,470	75,250	14,368	187,465
Net loss for the period	-	-	29	(236)	(207)
At 31 March 2005	<u>96,377</u>	<u>1,470</u>	<u>75,279</u>	<u>14,132</u>	<u>187,258</u>

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**INTAN UTILITIES BERHAD (Company No.: 371677-T)**  
**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE QUARTER ENDED 31 MARCH 2006**

	As at 31-Mar-06 RM'000	As at 31-Mar-05 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	1,531	(533)
<i>Adjustments for non-cash flow:-</i>		
Non-cash items	6,694	4,870
Non-operating items (investing/financing)	(2,306)	(2,380)
<i>Operating profit before changes in working capital</i>	<u><b>5,919</b></u>	<u><b>1,957</b></u>
<b>Changes in working capital</b>		
Net change in current assets	(10,049)	6,086
Net change in current liabilities	20,041	16,690
<i>Cash generated from operations</i>	<u><b>9,992</b></u>	<u><b>22,776</b></u>
Interest paid	(786)	(832)
Interest received	46	-
Net dividend received	73	-
Tax paid	(1,539)	(398)
	<u><b>(2,206)</b></u>	<u><b>(1,230)</b></u>
<i>Net cash flows generated from operating activities</i>	<u><b>13,705</b></u>	<u><b>23,503</b></u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Other investments	(13,039)	(6,646)
<i>Net cash flows used in investing activities</i>	<u><b>(13,039)</b></u>	<u><b>(6,646)</b></u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Bank borrowings	(431)	698
<i>Net cash flows (used in)/generated from financing activities</i>	<u><b>(431)</b></u>	<u><b>698</b></u>
Net change in cash and cash equivalents	235	17,555
<b>Cash and cash equivalents at beginning of the period</b>	26,463	25,849
<b>Cash and cash equivalents at the end of the period</b>	<u><b>26,698</b></u>	<u><b>43,404</b></u>

*The notes set out on pages 6 to 8 form an integral part of, and, should be read in conjunction with, this interim financial report.*

**INTAN UTILITIES BERHAD (Company No.: 371677-T)**  
**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE QUARTER ENDED 31 MARCH 2006**

**A1. Basis of preparation**

The unaudited interim financial statements for the first quarter ended 31 March 2006 of the Group have been prepared in accordance with Financial Reporting Standards (FRS) 134 - Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the period ended 31 December 2005. The accounting policies, method of computation and basis of consolidation applied in the unaudited interim financial statements are consistent with those used in the preparation of the 2005 audited financial statements except for the changes arising from the adoption of the new/revised FRSs issued by MASB that are effective for financial year beginning on or after 1 January 2006 as follows:

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 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption of the above FRSs does not have any significant financial impact to the Group.

The principal effect of the changes in accounting policies resulting from the adoption of the new/revised FRSs are summarised as follows:

(a) FRS 101: Presentation of Financial Statements

The adoption of FRS 101 has no financial impact on the Group but affected the presentation of minority interest and certain disclosures. Minority interest is now presented within total equity in the Consolidated Balance Sheet and as an allocation from net profit for the period in the Consolidated Income Statement. The movement of minority interest is now presented in the Consolidated Statement of Changes in Equity. The share of associates' results is now presented net of tax in the Consolidated Income Statement.

The presentation of the comparative financial statements of the Group has been restated to conform with current period's presentation.

(b) FRS 116 : Property, Plant and Equipment

The adoption of FRS 116 has resulted in extension of the accounting policy on property, plant and equipment to includes costs of dismantling, removal and restoration, the obligation incurred as a consequence of installing the assets.

Resulting from the adoption of FRS 116, a provision for restoration of RM5.6 million was estimated by the management on 1 January 2006 for restoration of store sites at the end of the operating lease.

(c) FRS 138 : Intangible Assets

With the adoption of the FRS 138, the Group changed the classification of computer software costs as intangible assets, where the software is not an integral part of the related hardware. The reclassification from Property, Plant and Equipment to Intangible Assets was based on the carrying amount of the computer software costs of RM1.2 million as at 1 January 2006. The comparative figures had been changed to conform with the current period's presentation.

**A2. Auditors' Report**

The audit report for the annual financial statements of the Group for the period ended 31 December 2005 was not subject to any qualification.

**A3. Seasonal or cyclical factors**

The operations in respect of the retail division may be impacted by the festive seasons.

The semiconductor division continues to be subjected to the sentiments of the world's semiconductor industry.

**A4. Material and unusual items**

There are no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current reporting period.

**A5. Changes in estimate**

There were no changes in estimates reported in prior financial year that had material effect in the financial period under review.

**A6. Debt and equity securities**

The Group had no issuances, cancellations or 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 year to date.

**A7. Dividends paid**

The Company had paid the second interim dividend of 12% less 28% income tax amounting to RM8,327,008, in respect of financial period ended 31 December 2005 on 15 May 2006 (31 March 2005: Not applicable).

#### A8. Segmental information

Segment information is presented in respect of the Group's business segment. The segmental results of the Group for the quarter ended 31 March 2006 is as follows:

	Consolidated Revenue RM'000	Consolidated Profit/(Loss) Before Taxation RM'000
Retail	188,382	(7,774)
Semiconductor	12,761	(1,627)
Investment holding and others	-	10,932
	<u>201,143</u>	<u>1,531</u>

#### A9. Property, plant and equipment

The valuation of the leasehold land has been brought forward, without amendment from the previous annual financial statements.

#### A10. Material events subsequent to the balance sheet date

There were no material events subsequent to the balance sheet date as at the date of this announcement.

#### A11. Changes to the composition of the Group

There were no changes in the composition of the Group for current quarter and financial year-to-date, including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

#### A12. Changes in contingent assets and contingent liabilities

There were no changes in contingent assets and contingent liabilities since the last annual balance sheet date of 31 December 2005 up to the date of this announcement.

#### A13. Capital commitments

There were no material changes in the capital commitments since the last annual balance sheet date.

#### A14. Comparatives

The following comparatives have been restated due to the adoption of revised FRSs to conform with the current year's presentation:

Balance sheet	Note A1	Previously stated RM'000	As restated/ provided for RM'000
<b>Non-Current Assets</b>			
Property, plant and equipment	(b) , (c)	174,817	179,181
Intangible assets	(c)	82,291	83,527
<b>Non-Current Liabilities</b>			
Provisions	(b)	-	5,600



**INTAN UTILITIES BERHAD (*Company No.: 371677-T*)**  
**ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF**  
**BURSA MALAYSIA SECURITIES BERHAD**  
**FOR THE QUARTER ENDED 31 MARCH 2006**

**B1. Review of performance**

For the current quarter ended 31 March 2006, the Group's revenue increased by 30.6% to RM201.14 million as compared to RM154.0 million registered in preceding year corresponding quarter. The higher revenue recorded was due to contribution by the Group's retail division resulting from the opening of additional stores.

The pre-tax profit of RM1.5 million recorded for the current quarter under review as compared to preceding year corresponding quarter pre-tax loss of RM0.5 million was mainly due to the compensation of RM9.0 million accrued from Berjaya Land Berhad in respect of the abortion of the Proposed Acquisition of shares in Berjaya Sports Toto Berhad ("Compensation"). Excluding the Compensation, the Group recorded a pre-tax operating loss of RM7.5 million mainly due to long gestation for new stores coupled with less customers count caused by exceptionally heavier rainfall in the quarter under review.

**B2. Variance of results against preceding quarter**

The Group's revenue increased by 7.4% to RM201.12 million as compared to RM187.33 million recorded in the preceding quarter. The higher revenue recorded was due to contribution by the Group's retail division resulting from the opening of additional stores.

The quarter under review registered an operating loss of RM7.5 million (excluding the Compensation as detailed in Note B1 above) as compared to a pre-tax profit of RM6.5 million for the preceding quarter. This was largely due to the reasons as stated in Note B1 above and the finalisation of volume incentives in the preceding quarter.

**B3. Current year prospects**

The Group's retail division will continue its effort to expand its nationwide network and increase its product assortment with new stores to be opened at choice locations in cities and major townships.

The recent increase in the petrol price and the impending increase in electricity price will pose significant challenges to the Group to further improve its performance. Given the above and barring unforeseen circumstances, the Board of Directors anticipates that the Group's consolidated earnings for the current year to be satisfactory.

**B4. Profit forecast**

Not applicable.

**B5. Tax expense**

The breakdown of tax charge for the current quarter and financial period to date are as follows:

	Current Quarter RM'000	Current Financial Period To Date RM'000
Provision for the period	95	95
Transfer from deferred taxation	(51)	(51)
	<u>44</u>	<u>44</u>

The higher effective tax expense for the period was mainly attributable to certain expenses being disallowed for taxation purposes.

**B6. Unquoted investments and properties**

There were no purchase and disposal of unquoted investment or property for the current quarter.

**B7. Quoted investments**

The particulars of investments in quoted securities for the quarter ended are as follows: -

- (a) There were no purchase and disposal of quoted securities for the current quarter under review other than loss of approximately RM53 incurred on the disposal of the quoted shares.

(b)	As at 31-Mar-06 RM'000
Total investments at cost	<u>2,906</u>
Total investments at book value (after allowance for diminution in value)	<u>2,333</u>
Total investments at market value	<u>3,840</u>

**B8. Status of corporate proposals announced**

There has been no further developments for those corporate proposals disclosed in Note 31 to the audited financial statements of the Group for the financial period ended 31 December 2005.

## B9. Borrowings and debt securities

IDSE Group [which includes IDSE and IDS Technology Sdn Bhd (“IDST”)] borrowings and debt securities, all in Ringgit Malaysia, are as follows: -

	As at 31-Mar-06 RM'000
<b><i>Short-term Borrowings (Secured)</i></b>	
- Letter of credit	5,964
- Al-Murabahah financing	338
- Al-Bai Bithaman Ajil	4,727
- Term Loan	1,443
	<u>12,472</u>
<b><i>Long-term Borrowings (Secured)</i></b>	
- Term Loan	<u>2,408</u>

IDSE Group had not fulfilled their repayment schedule for some of the above facilities and are in the midst of negotiations with the financial institution to restructure part of their existing facilities from short term to long term.

There are no borrowings and debt securities for all the other companies in the Group.

## B10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk up to the date of this announcement.

## B11. Material litigations

Litigations that the Group has taken during the current reporting quarter are as follows:

- (a) A suit dated 19 September 2002 was filed by IDSE against ISE Industries Sdn Bhd (“ISE”) claiming for the sum of RM395,200, being the sum payable by the defendants to the plaintiff for equipment built/delivered by the defendant to the plaintiff which upon further evaluation, was found to be totally inoperable and not fit for IDSE’s purposes. The plaintiff is also claiming the sum of RM159,200, being damages for loss of usage of the equipment together with interest at the rate of 8% per annum on the judgment sum calculated from 19 September 2002 until full satisfaction together with costs.

Since ISE had failed to enter its appearance, the solicitors for IDSE obtained a Judgment in Default of Appearance against the defendant on 16 September 2003 and the solicitors are in the process of serving the judgment on ISE. To date, the solicitors have not been able to serve the judgment on ISE as they are unable to locate the responsible parties.

- (b) As disclosed in the audited financial statements of the Group for the year ended 31 July 2002, a suit dated 3 October 2002 was filed by IDSE against GAC Cargo (Malaysia) Sdn Bhd claiming for the sum of approximately RM971,000 for failing to take reasonable steps to ensure safe delivery of the Plaintiff’s goods to its destination wherein the goods was hijacked while they were in Defendant’s possession and custody. The plaintiff is also claiming for interest on the outstanding invoices at the rate of 8% per annum from 3 October 2002 until full satisfaction together with cost.

**B11. (b) (continued)**

Subsequently, IDSE filed an amended claim of RM300,400 for loss of goods, together with damages for loss of profits amounting to RM153,389.

After numerous postponements, IDSE's lawyer has written to the Court on 11 May 2005 requesting for the next hearing date. On 10 June 2005, the Court notified IDSE's solicitors that the case is fixed for mention on 8 September 2005. Thereafter, it was adjourned to 9 February 2006 for Case Management but was postponed again from 25 May 2006 to 10 November 2006.

The Company's legal advisers are of the opinion that the Company has a good case and hence no provision has been made in the financial statements.

- (c) A suit was filed by IDSE against IMP, Inc. claiming for the sum of USD266,589 (approximately RM1.01 million) being the sum payable by the defendants to the plaintiff in respect of outstanding invoices arising from goods sold and delivered as at 26 September 2003.

In relation to this, IDSE had on 15 January 2004 appointed the Law Offices of William C. Lewis and Bergeson, LLP in the USA, to represent IDSE in the current litigation of IMP, Inc. under Chapter 11 of the United States Bankruptcy Court. On 27 January 2004, the court granted IDSE and Teamasia Semiconductors (India) Ltd, a creditor and equity holder in IMP, Inc., motion to appoint a Chapter 11 Trustee to take over the management of IMP, Inc. re-organisation effort. The Court had on 29 January 2004 entered an order appointing William A. Brandt, Jr. as the Chapter 11 Trustee for IMP, Inc.

Save for the above litigations that had been announced in the previous quarterly reports, the status of the other litigations remained unchanged since the last annual balance sheet date and up to a date not earlier than 7 days from the date of this announcement.

**B12. Dividends**

The Board does not recommend any dividend for the current quarter ended 31 March 2006 (31 March 2005: Nil).

**B13. Earnings Per Share**

The basic earnings per share is calculated by dividing profit attributable to the equity holders of the Company by the number of ordinary shares in issue.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31-Mar-06	Preceding Year Corresponding Quarter 31-Mar-05	Current Year To Date 31-Mar-06	Preceding Year Corresponding Period 31-Mar-05
Profit attributable to the equity holders of the Parent (RM'000)	1,969	29	1,969	29
Number of ordinary shares in issue ('000)	96,377	96,377	96,377	96,377
Basic earnings per share (sen)	2.0430	0.0301	2.0430	0.0301

There are no potential ordinary shares in issue at the end of the current quarter.

**B14. Share capital**

Based on the Record of Depositors as at 22 May 2006, Intan's public shareholding spread is 25.15% held by 882 public shareholders. Although Intan has met the minimum 25% public shareholding spread, pursuant to paragraph 8.15(1) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), there is spread requirement shortfall (in terms of number of public shareholders) of 118 public shareholders.

On 11 May 2006, Bursa Securities rejected the Company's request for a waiver from having to comply with the minimum of 1,000 public shareholders pursuant to the Listing Requirement.

c.c. Securities Commission