

**Sugar Bun Corporation Berhad**

**Company No. 121919-H  
(Incorporated in Malaysia)**

**Interim Financial Statements  
30 April 2006**

**Condensed Consolidated Income Statements**  
**For the Quarter Ended 30 April 2006**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30.04.2006 RM'000	QUARTER ENDED 30.04.2005 RM'000	THREE MTHS ENDED 30.04.2006 RM'000	THREE MTHS ENDED 30.04.2005 RM'000
Revenue	8	3,855	7,218	3,855	7,218
Cost of sales		(1,988)	(3,421)	(1,988)	(3,421)
Gross profit		1,867	3,797	1,867	3,797
Other operating income		90	391	90	391
Administrative and other operating expenses		(3,068)	(6,975)	(3,068)	(6,975)
Gain on disposal of subsidiary		-	-	-	-
Loss from operations	8	(1,110)	(2,787)	(1,110)	(2,787)
Finance costs, net		(1)	(338)	(1)	(338)
Share of results of an associate		-	3	-	3
Loss before taxation		(1,111)	(3,122)	(1,111)	(3,122)
Taxation	21	-	-	-	-
Net loss for the period		(1,111)	(3,122)	(1,111)	(3,122)
Basic loss per share (sen)	28	(1.23)	(3.45)	(1.23)	(3.45)
Attributable to:					
Equity holders of the Company		(1,111)	(3,107)	(1,111)	(3,107)
Minority interest		-	(15)	-	(15)
		(1,111)	(3,122)	(1,111)	(3,122)

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

**Condensed Consolidated Balance Sheets**  
**As at 30 April 2006**

	Note	As at 30.04.2006 RM'000	As at 31.01.2006 RM'000
<b>Non-Current Assets</b>			
Property, plant & equipment	9	47,243	48,058
Investment in an associate		5,919	5,919
Investment in properties		13,294	13,328
Prepaid lease payments	11	23,154	23,511
Intangible assets		2,005	2,089
		91,615	92,905
<b>Current Assets</b>			
Inventories		1,786	1,815
Trade receivables		7,642	5,406
Other receivables		14,442	19,592
Cash and bank balances		757	713
		24,627	27,526
<b>Current Liabilities</b>			
Borrowings	24	15,967	17,061
Trade payables		7,946	6,536
Other payables		4,270	8,301
Tax payable		68	75
		28,251	31,973
<b>Net current liabilities</b>		(3,624)	(4,447)
		87,991	88,458
<b>CAPITAL AND RESERVES:</b>			
<b>Attribute to equity holders of the Company :</b>			
Share capital		90,104	90,104
Share premium		2,849	2,849
Other reserves		415	415
Accumulated losses		(46,190)	(45,079)
Shareholders' equity		47,178	48,289
Minority interests		157	157
<b>Total equity</b>		47,335	48,446
Borrowings	24	40,656	40,012
Non-current liabilities		40,656	40,012
		87,991	88,458

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

**Condensed Consolidated Statement of Changes in Equity  
For the Quarter Ended 30 April 2006**

	←	Share Capital	Share Premium	Non-Distributable Revaluation Reserve	Capital Reserve	Accumulated losses	→	Total	Minority Interest	Total Equity
		RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000
<b>At 1 February 2005</b>		90,104	2,849	163	415	(25,058)		68,473	-	68,473
Net loss for the period		-	-	-	-	(3,122)		(3,122)	15	(3,107)
<b>At 30 April 2005</b>		90,104	2,849	163	415	(28,180)		65,351	15	65,366
<b>At 1 February 2006</b>		90,104	2,849	-	415	(45,079)		48,289	157	48,446
Net loss for the period		-	-	-	-	(1,111)		(1,111)	-	(1,111)
<b>At 30 April 2006</b>		90,104	2,849	-	415	(46,190)		47,178	157	47,335

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

**Condensed Consolidated Cash Flow Statement  
For the Quarter Ended 30 April 2006**

---

	<b>3 months ended 30.04.2006 RM'000</b>	<b>12 months Ended 31.01.2006 RM'000</b>
Net cash generated from/(used in) operating activities	288	(880)
Net cash from investing activities	44	4,103
Net cash used in financing activities	-	(2,495)
<b>Net increase in cash and cash equivalents</b>	<u>332</u>	<u>728</u>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<u>(2,403)</u>	<u>(3,131)</u>
<b>Cash and Cash Equivalents at End of Period*</b>	<u><u>(2,071)</u></u>	<u><u>(2,403)</u></u>

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

Cash and bank balances	757	713
Less: Bank overdrafts (included within borrowings in Note 24)	<u>(2,828)</u>	<u>(3,116)</u>
	<u><u>(2,071)</u></u>	<u><u>(2,403)</u></u>

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

## Part A

### Explanatory Notes in compliance with FRS 134, Paragraph 16

---

#### 1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) No.134 – “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted most recent annual audited financial statements for the year ended 31 January 2006. Until the last financial year ended 31 January 2006, the financial statements of the Group were prepared in accordance with the standards issued by the Malaysian Accounting Standard Board (“MASB”). Following the changes in reporting regulations required by the MASB, the Group’s quarterly financial statements have therefore been prepared in accordance with the Financial Reporting Standards (“FRSs”) that have come into effect for financial periods beginning on or after 1 January 2006. Adoption of these FRSs has not resulted in any material changes to the presentation and valuation the financial statements except for:

##### FRS – Business Combinations

##### Goodwill

The adoption of this new FRS has resulted in the Group ceasing annual goodwill amortization. Goodwill is now carried at cost less impairment losses and is tested for impairment in value in accordance with FRS 136 (Impairment of Assets) annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognized in profit and loss and no subsequent reversal is made. There is no impairment loss recorded during the current quarter. Prior to 1 February 2006, goodwill was amortised on a straight-line basis over its estimated useful life at RM39,474 or RM9,868 per quarter.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 April 2006. 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 30 April 2006.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the year ended 30 April 2006.

#### 2. Auditors’ Report on Preceding Annual Financial Statements

The financial statements of Sugar Bun Corporation Berhad for the year ended 30 April 2006 were qualified by the auditors on the following matters:

1. The Company adopted a policy of amortising the cost of patents and rights to the income statement over the estimated useful life of 10 years. The auditors were unable to satisfy themselves as to the extent, if any, of the future economic benefits that may be obtained from the use of these patents and rights, and hence as to the appropriateness of their carrying value of RM2,000,000 as at 30 April 2006.

**Part A**  
**Explanatory Notes in compliance with FRS 134, Paragraph 16**

---

**3. Comments About Seasonal or Cyclical Factors**

There were no seasonal or cyclical factors affecting the performance of the Group.

**4. 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 April 2006.

**5. Changes in Estimates**

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

**6. Debt and Equity Securities**

There is no transaction in respect of Debts & Equity Securities during the current quarter ended 30 April 2006.

**7. Dividends Paid**

There is no dividend paid in the current quarter ended 30 April 2006.

**8. Segmental Information**

	<b>3 months ended 30.04.2006 RM'000</b>	<b>3 months ended 30.04.2005 RM'000</b>
<b>Segment Revenue</b>		
Restaurant & franchising operations	951	7,216
General trading	2,894	45
	<u>3,845</u>	<u>7,261</u>
Eliminations	10	(45)
Group revenue	<u>3,855</u>	<u>7,218</u>
<b>Segment Results</b>		
Restaurant & franchising operations	(985))	(2,712)
General trading	(337)	(75)
	<u>(1,322)</u>	<u>(2,787)</u>
Eliminations	212	-
Group loss from operations	<u>(1,110)</u>	<u>(2,787)</u>

**9. Carrying Amount of Revalued Assets**

The valuations of land and buildings have been brought forward without amendments from the financial statements for the year ended 31 January 2006.

**10. Subsequent Events**

Other than the disposal of a wholly owned subsidiary company, Vanilla Food Centre Sdn. Bhd., and an associate company, Gayana Resort Bay Sdn. Bhd. which we have recently announced, there were no other material events subsequent to the end of the current quarter.

**11. Prepaid lease payments**

This is in respect of cost incurred in developing two locations belonging to Government authority in return for allowing the Group to operate its business operations in these locations for periods of between 11-25 years in lieu of rental payment.

**12. Significant Events**

There were no significant events occurred at the end of the current quarter other than the disposal of the subsidiary companies as stated in item 10 above.

**13. Changes in Composition of the Group**

Apart from a subsidiary and an associate company disposed off as stated in item 10, there were no major changes in the composition of the Group during the current quarter or financial period to date.

**14. Changes in Contingent Liabilities or Contingent Assets**

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 January 2006.

**15. Acquisitions and disposals of property, plant and equipment**

(a) For the current quarter, there were no material acquisition or disposal of any major property, plant and equipment.

**16. Capital Commitments**

There were no material capital commitments at the end of the current quarter.



**17. Performance Review**

Comparatively, the turnover for the quarter is much lower than that of the corresponding quarter in the previous quarter.

This is mainly due to the Group's policy to focus its fast food business through franchising whereby all the existing outlets except for certain strategic ones being retained, have been franchised out.

The Group's other business operations in hospitality, property and resort management too have not shown much improvement and this had invariably contributed to the overall drop in the overall turnover.

**18. Comment on Material Change in Loss Before Taxation**

The loss from operation of RM1.11 million is proportionately less than that of the previous quarter. This is mainly due to finance cost of approximately RM0.81 million over provided for in previous year now accounted for.

**19. Commentary on Prospects**

The Group will continue with the necessary remedial measures already implemented to revise the operations. Together with the overall re-organisation exercise currently being implemented with a view of putting the Group in a better position to embark on other viable business both locally and overseas, the Directors are optimistic of a significant turn around in the foreseeable future.

**20. Profit Forecast or Profit Guarantee**

This is not applicable.

**21. Taxation**

There is no tax charge for the current quarter due to current period loss and utilisation of brought forward unabsorbed tax losses and unutilised capital allowances.

**22. Sale of Unquoted Investments and Properties**

There were no sales of other unquoted investments and properties for the current quarter ended 30 April 2006.

**Part B**  
**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia**

---

**23. Corporate Proposals**

The Board is currently considering a new ESOS scheme to be implemented and if practicable, make the necessary submission to the relevant authorities at an appropriate time.

**24. Borrowings and Debt Securities**

	<b>As at 30.04.2006 RM'000</b>
Short term borrowings:	
Secured - Bank overdraft	2,828
- Term loans	11,809
- Hire purchase payables	1,330
	<u>15,967</u>
Long term borrowings:	
Secured - Term loans	37,251
- Hire purchase payables	3,405
	<u>40,656</u>
	<u>56,623</u>

All the above borrowings are denominated in Ringgit Malaysia.

**25. Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk at the date of this interim financial statements.

**26. Changes in Material Litigation**

There was no pending material litigation taken against or by the Group at the date of this interim financial statement.

**27. Dividends Payable**

No interim dividend is recommended for the current quarter and financial period to-date.

**Part B****Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia**

---

**28. Loss Per Share****(a) Basic**

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

	<b>3 months ended 30.04.2006</b>	<b>3 months ended 30.04.2005</b>
Net loss for the period (RM'000)	(1,111)	(3,107)
Weighted average number of ordinary shares in issue ('000)	90,104	90,104
Basic loss per share (sen)	<u>(1.23)</u>	<u>(3.45)</u>

**(b) Diluted**

The effect on the basic loss per share for the current quarter arising from the assumed exercise of warrants is anti-dilutive. Accordingly, diluted loss per share for the current quarter has not been presented.

**29. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28<sup>th</sup> June, 2006.