

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2006

	INDIVIDUAL QUARTER 3 MONTHS ENDED 31 DECEMBER		CUMULATIVE QUARTER 6 MONTHS ENDED 31 DECEMBER	
	31-12-06 RM'000	31-12-05 RM'000 (restated)	31-12-06 RM'000	31-12-05 RM'000 (restated)
Revenue	99,506	66,602	200,436	144,764
Operating expenses	(95,104)	(64,116)	(189,234)	(140,778)
Other operating income	2,902	485	4,526	1,471
Share of profit after tax of associates	6,857	6,854	13,553	13,730
Finance costs	(60)	(38)	(95)	(68)
Profit before taxation	14,101	9,787	29,186	19,119
Taxation	(1,659)	(610)	(3,636)	(1,222)
Net Profit for the period	<u>12,442</u>	<u>9,177</u>	<u>25,550</u>	<u>17,897</u>
Attributable to :				
Equity holders of the parent	11,174	8,896	23,965	17,060
Minority interests	<u>1,268</u>	<u>281</u>	<u>1,585</u>	<u>837</u>
Profit for the period	<u>12,442</u>	<u>9,177</u>	<u>25,550</u>	<u>17,897</u>
Basic earnings per ordinary share of RM0.10 each (sen)	<u>0.81</u>	<u>0.65</u>	<u>1.73</u>	<u>1.25</u>
Diluted earnings per ordinary share of RM0.10 each (sen)	<u>0.81</u>	<u>0.65</u>	<u>1.73</u>	<u>1.25</u>

Note :

Profit before taxation in the prior year has been restated to reflect the effect after the adoption of FRS 101 which requires share of the results of associates to be stated at share of profit after tax.

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the Interim Financial Statements.)

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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	31-12-06 RM'000	30-06-06 RM'000 (restated)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	80,702	76,166
Prepaid interest in lease land	10,973	11,066
Goodwill on consolidation	1,836	1,836
Intangible asset	266	-
Investment in associated companies	93,041	121,188
Other investment	190	190
Deferred tax assets	4,792	3,866
	191,800	214,312
CURRENT ASSETS		
Amounts due from customers for contract works	12,545	4,634
Inventories	32,323	19,977
Trade receivables	81,720	66,527
Other receivables, deposits and prepayments	7,128	5,888
Amount due from associated companies	309	7,290
Short term and portfolio investments	28,395	33,195
Deposits, cash and bank balances	59,680	58,888
	222,100	196,399
TOTAL ASSETS	413,900	410,711
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Parent		
Share capital	141,321	138,519
Reserves	176,877	184,359
Treasury shares	(6,908)	(9,308)
	311,290	313,570
Minority interests	16,898	12,819
Total equity	328,188	326,389
NON-CURRENT LIABILITIES		
Hire-purchase creditors	534	563
Deferred tax liabilities	417	162
	951	725
CURRENT LIABILITIES		
Amounts due to customers for contract works	7,125	5,250
Trade payables	62,932	59,213
Other payables and accruals	8,110	15,226
Amount due to an associated company	512	-
Hire-purchase creditors	364	489
Taxation	5,718	3,419
	84,761	83,597
Total liabilities	85,712	84,322
TOTAL EQUITY AND LIABILITIES	413,900	410,711

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the Interim Financial Statements.)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2006

	Attributable to Equity Holders of the Parent						Total	Minority Interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Reserve on Consolidation	Other Reserves	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 July 2006	138,519	30,622	(9,308)	193	1,313	152,231	313,570	12,819	326,389
Effects of adopting FRS 3	-	-	-	(193)	-	193	-	-	-
Balance as at 1 July 2006 (restated)	138,519	30,622	(9,308)	-	1,313	152,424	313,570	12,819	326,389
Currency translation differences	-	-	-	-	(54)	-	(54)	(96)	(150)
Net income recognised directly in the equity	-	-	-	-	(54)	-	(54)	(96)	(150)
Net profit for the six-month period	-	-	-	-	-	23,965	23,965	1,585	25,550
Total recognised income and expense for the period	138,519	30,622	(9,308)	-	1,259	176,389	337,481	14,308	351,789
Restatement of minority interests arising from consolidation of Dialog Systems (Thailand) Ltd	-	-	-	-	-	-	-	175	175
Appropriation :-									
FY2006 – special cash dividend of 15% less tax	-	-	-	-	-	(14,838)	(14,838)	-	(14,838)
FY2006 – tax exempt share dividend of one treasury share for every fifty existing ordinary shares held	-	(14,192)	14,192	-	-	-	-	-	-
FY2006 – final dividend of 11% less tax	-	-	-	-	-	(11,089)	(11,089)	-	(11,089)
Options exercised	2,802	8,828	-	-	-	-	11,630	-	11,630
Shares issue expenses	-	(102)	-	-	-	-	(102)	-	(102)
Issuance of shares to minority interest	-	-	-	-	-	-	-	2,415	2,415
Shares repurchased	-	-	(11,792)	-	-	-	(11,792)	-	(11,792)
Balance as at 31 December 2006	141,321	25,156	(6,908)	-	1,259	150,462	311,290	16,898	328,188
Balance as at 30 June 2005	137,045	28,019	(2,176)	193	1,079	127,052	291,212	2,259	293,471
Currency translation differences	-	-	-	-	283	-	283	28	311
Net income/(expense) recognised directly in the equity	-	-	-	-	283	-	283	28	311
Net profit for six-month period	-	-	-	-	-	17,060	17,060	837	17,897
Total recognised income and expense for the period	137,045	28,019	(2,176)	193	1,362	144,112	308,555	3,124	311,679
Appropriation :-									
FY2005 – final dividend of 10% less tax	-	-	-	-	-	(9,823)	(9,823)	-	(9,823)
Options exercised	574	818	-	-	-	-	1,392	-	1,392
Issuance of shares to minority interest	-	-	-	-	-	-	-	96	96
Shares repurchased	-	-	(2,968)	-	-	-	(2,968)	-	(2,968)
Balance as at 31 December 2005	137,619	28,837	(5,144)	193	1,362	134,289	297,156	3,220	300,376

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the Interim Financial Statements.)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2006

	31-12-06	31-12-05
	RM'000	RM'000
		(restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	29,186	19,119
Adjustments for :		
Depreciation of property, plant and equipment	4,653	4,414
Share of profit after tax of associates	(13,553)	(13,730)
Other non-cash items	(1,772)	702
Interest, dividend income and profit from investing activities	(1,106)	(347)
Operating profit before working capital changes	17,408	10,158
Changes in working capital :		
Net change in current assets	(26,281)	(2,865)
Net change in current liabilities	(9,488)	(3,896)
Cash generated by operations	(18,361)	3,397
Tax paid	(2,946)	(1,122)
Tax refund	59	44
Net cash (used in)/generated by operating activities	(21,248)	2,319
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary company, net of cash acquired	5,709	-
Net investment in portfolio and other short term investments	6,695	(9,387)
Proceeds from redemption of preference shares by an associated company	16,500	-
Interest and dividend income	26,075	22,007
Net withdrawal of deposits	6,630	337
Acquisition of intangible assets	(266)	-
Net purchase of property, plant and equipment	(8,726)	(2,603)
Net cash generated by investing activities	52,617	10,354
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest and dividend paid	(25,927)	(9,823)
Proceeds from issue of shares	11,630	1,392
Proceeds from shares issued to minority interests	2,415	96
Repayment of hire purchase financing	(148)	(308)
Share issue expenses paid	(102)	-
Shares repurchased	(11,792)	(2,968)
Net cash used in financing activities	(23,924)	(11,611)
Effects of exchange rate changes	148	57
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,593	1,119
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		
As previously reported	45,400	31,531
Effects of exchange rate changes on cash and cash equivalents	(172)	87
As restated	45,228	31,618
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note A16)	52,821	32,737

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and accompanying explanatory notes attached to the Interim Financial Statements.)

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NOTES TO THE INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO FRS 134

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standards (“FRS”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa”) Listing Requirements and should be read in conjunction with the Group’s annual audited financial report for the year ended 30 June 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 June 2006.

A2 Changes in Accounting Policies

The MASB issued a total of 21 new and amended FRSs and other interpretations (herein thereafter referred as FRSs) effective for financial statements commencing 1 January 2006 for 18 FRSs and later dates for 3 other FRSs. The Group has opted for the early adoption of 2 FRSs, i.e. FRS 117 Leases and FRS 124 Related Party Disclosures which are effective at later dates. However, the Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as the FRS is not yet effective. Other than as explained in the foregoing paragraph and those as disclosed below, the same accounting policies and methods of computation are followed in the interim financial statements as compared with the audited financial statements for the year ended 30 June 2006.

Up to 30 June 2006, the Group’s consolidated financial statements were prepared in accordance with MASB standards with effective dates before 1 January 2006. The comparative figures in respect of financial year 2006 have therefore been restated to reflect the relevant adjustments.

With the exception of those as discussed below, the adoption of the other new and revised FRSs does not have significant financial impact on the Group.

(a) FRS 3: Business Combination, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The adoption of FRS 3 Business Combinations and the consequential changes to FRS 136 Impairment of Assets and FRS 138 Intangible Assets, has resulted in a change in the accounting policy relating to purchased goodwill.

Goodwill acquired in a business combination is carried at cost less any accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in the income statement and subsequent reversal is not allowed. Prior to 1 July 2006, goodwill was stated at cost and was written down only when the directors are of the opinion that there was an impairment loss.

Negative goodwill, which represents the excess in fair value of the net identifiable assets over cost of acquisition is now recognised immediately to the income statement. Prior to 1 July 2006, the Group’s negative goodwill amounting to RM 193,512 was presented as a separate item in the balance sheet and stated at cost. The transitional provisions of FRS 3, however, have required the Group to recognise this negative goodwill to the opening retained profits as disclosed in the Condensed Consolidated Statement of Changes in Equity.

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A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D

A2 Changes in Accounting Policies (Cont'd)

(b) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity where it requires disclosure on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interests.

Share of results in associates is now disclosed net of tax and minority interests in the consolidated income statements.

(c) FRS 117 : Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid interest in lease land and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative cost of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Prior to 1 July 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

(d) The presentation of the Group's financial statements for the current period is based on the above revised requirements, with the comparatives restated to conform with the current period's presentation. The following comparative figures are restated to conform with new presentation are summarised as follows:

	As previously reported RM' 000	Effect RM' 000	As restated RM' 000
<u>Income Statement</u>			
<u>(1.10.05 – 31.12.05)</u>			
Share of profit of associated companies	9,499	(2,645)	6,854
Profit before taxation	12,432	(2,645)	9,787
Taxation	3,255	(2,645)	610
<u>(1.07.05 – 31.12.05)</u>			
Share of profit of associated companies	19,009	(5,279)	13,730
Profit before taxation	24,398	(5,279)	19,119
Taxation	6,501	(5,279)	1,222
<u>Balance Sheet (as at 30.06.06)</u>			
Property, plant and equipment	87,232	(11,066)	76,166
Prepaid interest in lease land	-	11,066	11,066
<u>Statement of Changes in Equity</u>			
<u>(as at 1.07.06)</u>			
Retained profit	152,231	193	152,424
Reserve on consolidation	193	(193)	-

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A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D

A3 Auditors' report of preceding annual audited financial statements

The auditors' report on preceding year's audited financial statements was not subject to any qualification.

A4 Seasonal or cyclical factors

The Group's operations are not affected by seasonal or cyclical factors.

A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group since the last annual audited financial statements.

A6 Material changes in estimates

There were no changes in estimates of amounts reported in prior financial years, which have a material effect in the current financial period.

A7 Debt and equity securities

Changes in debt and equity securities during the current financial period were as follows :-

- (i) During the current six months period, the Company increased its issued and paid-up share capital from RM138,518,952 to RM141,321,004 by the allotment of 28,020,520 new ordinary shares of RM0.10 each pertaining to the exercise of 28,020,520 shares under the Employees' Share Option Scheme.
- (ii) During the current six months period, the Company repurchased a total of 20,771,500 ordinary shares of RM0.10 each from the open market for a total consideration of RM11,792,304 at average cost of RM0.57 per share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.
- (iii) During the current six months period, the Company distributed 27,476,907 of its treasury shares to entitled shareholders as share dividends on 26 September 2006 in pursuant to the tax exempt Special Share Dividend declared on 22 August 2006.

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period.

A8 Dividends paid

- (a) On 22 August 2006, the Company declared the following special dividends for the previous financial year ended 30 June 2006:-
 - (i) Tax exempt share dividend of one treasury share for every fifty existing ordinary shares of RM0.10 each held. A total of 27,476,907 share dividends amounting to RM14,191,822 (determined based on weighted average costs of the treasury shares) was distributed to entitled shareholders on 26 September 2006; and
 - (ii) Cash dividend of 15% per ordinary share of RM0.10 each, less 28% tax, amounting to RM14,837,708 was paid on 29 September 2006.

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A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D**A8 Dividends paid (Cont'd)**

- (b) A final dividend of 11% per ordinary share of RM0.10 each, less 28% tax, amounting to RM11,088,838 in respect of the previous financial year was paid on 28 December 2006.

A9 Segment information

The Group operates principally in the oil, gas and petrochemical industry in Malaysia and other areas of the world.

Segment information in respect of the Group's geographical segments are as follows :-

	Revenue 6 months ended 31-12-06 RM'000	Profit before tax 6 months ended 31-12-06 RM'000
Malaysia	84,440	4,934
Asia Pacific countries	<u>115,996</u>	<u>10,699</u>
	200,436	15,633
Share of profit after tax of associates	<u>-</u>	<u>13,553</u>
	<u>200,436</u>	<u>29,186</u>

A10 Property, plant and equipment

There is no revaluation of property, plant and equipment brought forward from the previous audited financial statements.

A11 Material events subsequent to the end of the interim period

There were no material events subsequent to the current financial period ended 31 December 2006 up to the date of this report which, is likely to substantially affect the results of the operations of the Group.

A12 Changes in the composition of the Group

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

DIALOG GROUP BERHAD

Company No. 178694 – V

(Incorporated in Malaysia)

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A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D**A13 Capital commitments**

	31-12-06 RM'000
Capital expenditures in respect of property, plant and equipment :	
Contracted but not provided for	29
Approved but not contracted for	345
	374
Operating lease commitments :	
- not later than one year	834
- later than one year and not later than five years	864
	1,698
	<hr/>
	<u>2,072</u>

A14 Changes in contingent liabilities and contingent assets

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

A15 Related party transactions

	6 months ended 31-12-06 RM'000
Rental of premises paid and payable to a member of key management staff and his close family members	71
Subcontracts from an associated company	1,499
Sales of assets and commission received from a joint venture company	639
Services rendered by a joint venture company	2,554
Gross dividend received from an associated company	35,000
	<hr/> <hr/>

A16 Cash and cash equivalents

	31-12-06 RM'000
Deposits, cash and bank balances	59,680
Less: Deposits pledged to licensed banks	<u>(6,859)</u>
	<hr/> <u>52,821</u>

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B1 Review of performance**

The Group posted a 49% growth in revenue to RM99.5 million for the current financial quarter, compared to RM66.6 million in the corresponding financial quarter last year. The better performance was contributed by all business units, which continue to see sustained expansion of business activities in the oil, gas and petrochemical industry, both in Malaysia and overseas.

In line with the growth in revenue recorded, profit after tax for the current financial quarter increased by a healthy 35% to RM12.4 million from RM9.2 million recorded for the same financial quarter last year.

B2 Variation of results against preceding quarter

Profit before tax recorded for the current financial quarter of RM14.1 million was lower by 7% compared to RM15.1 million recorded in the preceding financial quarter. The lower profit before tax was mainly due to the increase in business development expenses and higher staff costs arising from the recruitment of more senior executives in anticipation of further expansion in business activities.

B3 Prospects

The prospect of the Group is very positive as it has built a solid foundation and reputation as an integrated specialist technical services, as well as engineering & construction services provider to the oil, gas and petrochemical industry. Supported by our global technology partners, the Group is in a strong position to capitalise on the tremendous business opportunities existing in this industry, both locally and overseas.

The acquisition of Technivac Limited, United Kingdom will open the market for Dialog in Europe, Commonwealth of Independent States (CIS) and Africa as Technivac has existing customers in these regions. We plan strategically to acquire more technology companies to strengthen our technology capability.

With our recent recruitment of many more senior staff and the new acquisition of Technivac Limited, United Kingdom, we are very confident that all our operations will contribute positively to the earnings of Dialog in the future.

Barring any unforeseen circumstances, the Group is very optimistic that its performance will be favourable for the financial year ending 30 June 2007.

B4 Profit forecast and profit guarantee

The Group does not announce any profit forecast nor profit guarantee during the current financial period.

B5 Taxation

	3 months ended	6 months ended
	31-12-06	31-12-06
	RM'000	RM'000
Current taxation	2,526	4,492
Over provision in prior years	-	(23)
Deferred tax	(867)	(833)
	<u>1,659</u>	<u>3,636</u>

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D

B5 Taxation (Cont'd)

The tax charge of the Group for the period ended 31 December 2006 took into consideration an effective tax rate which incorporates the gradual reduction for the changes of local statutory tax rate from 28% to 26%. Overall effective tax rate is still lower than the statutory tax rate of 26%, due to lower tax rate applicable to small and medium size subsidiary companies, changes in local tax rates and lower tax rates in foreign jurisdictions.

B6 Unquoted investment and properties

There were no disposal of unquoted investments and properties during the financial period.

B7 Quoted securities

The Group's investment in quoted securities are managed by professional fund managers. Purchase or disposal of quoted securities for the current financial period are as follows:

	3 months ended 31-12-06 RM'000	6 months ended 31-12-06 RM'000
Purchase consideration	130	1,699
Sales proceeds	2,832	3,685
Loss on disposal	<u>(217)</u>	<u>(355)</u>

Investments in quoted securities as at 31 December 2006 are as follows:

	Cost RM'000	Book value RM'000	Market value RM'000
Total quoted securities	<u>17,880</u>	<u>17,823</u>	<u>17,823</u>

B8 Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this announcement.

B9 Borrowings and debt securities

	31-12-06	
	FC'000	RM'000
Short term borrowing:		
Hire purchase creditors (secured)	158	364
Long term borrowing:		
Hire purchase creditors (secured)	<u>232</u>	<u>534</u>
	<u>390</u>	<u>898</u>

The above hire purchase creditors are denominated in Singapore Dollars ("SGD").

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D

B10 Off balance sheet financial instruments

As at 31 December 2006, the forward foreign exchange contracts which have been entered into by the Group to hedge its foreign currency receivables/payables are as follows:

Currency	Contract Amount FC'000	Contract Date	Contract Type	Contract Period	Outstanding Contract Amount	
					FC'000	RM'000
<u>Receivables</u>						
USD	37	08-01-07	Optional	08-01-07 to 12-03-07	37	130
SGD	765	05-02-07	Optional	05-02-07 to 05-04-07	765	1,737
SGD	306	05-02-07	Optional	05-02-07 to 05-03-07	306	696
GBP	268	29-12-06	Optional	04-01-07 to 05-07-07	268	1,828
<u>Payables</u>						
EUR	35	30-08-06	Optional	05-09-06 to 05-04-07	35	166
EUR	52	12-09-06	Optional	14-09-06 to 16-04-07	3	13
EUR	118	15-11-06	Optional	27-12-06 to 30-03-07	118	535
USD	25	15-11-06	Optional	15-12-06 to 31-05-07	2	9
USD	872	09-01-07	Optional	09-01-07 to 12-03-07	872	3,061
USD	46	05-02-07	Optional	30-04-07 to 01-06-07	46	162
USD	20	14-02-07	Spot	16-02-07	20	69
SGD	50	03-01-07	Optional	03-01-07 to 05-04-07	50	115
SGD	23	19-01-07	Optional	19-01-07 to 16-02-07	10	24
GBP	441	27-12-06	Multi - Optional	27-12-06 to 29-06-07	359	2,491
GBP	43	03-01-07	Multi - Optional	03-01-07 to 08-05-07	43	298

There is no cash requirement for the above forward foreign exchange contract. These contracts are registered in the financial statements upon settlement.

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D**B11 Material litigation**

The Group is not engaged in any material litigation and is not aware of any proceedings which might materially affect the position or business of the Group, except for a claim against the Group's wholly owned subsidiary by a former employee for reinstatement, wages and benefits together with certain arrears of salary.

B12 Dividends

The Board of Directors does not recommend any interim dividend in respect of current financial period.

B13 Earnings per share

The basic earnings per share for the period is calculated based on consolidated profit after taxation and minority interest of RM11,173,605 and weighted average number of ordinary shares in issue of 1,373,082,060 (previous corresponding period : RM8,896,018 and 1,364,774,577 shares).

The diluted earnings per share for the period is calculated based on consolidated profit after taxation and minority interest of RM11,173,605 and on the adjusted weighted average number of ordinary shares issued and issuable of 1,374,733,536 (previous corresponding period : RM8,896,018 and 1,369,247,832). The adjusted weighted average number of ordinary shares issued and issuable has been arrived at based on the assumption that ESOS are exercised at the beginning of the financial year to the expiry of the ESOS on 31 August 2006. The ordinary shares to be issued under ESOS are based on the assumed proceeds on the difference between share price and exercise price.

The basic earnings per share and the diluted earnings per share for the financial period are calculated based on the following weighted average number of ordinary shares :

	31-12-06
Weighted average number of ordinary shares in issue	1,386,610,404
Weighted average number of ordinary shares deemed to have been issued for no consideration upon exercise of ESOS	1,484,013
Weighted average number of ordinary shares for diluted earnings per share	<u><u>1,388,094,417</u></u>

Date : 26 February 2007