

**M3ENERGY BERHAD**
**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 DECEMBER 2007**

(The figures have not been audited)

		<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
		<b>Individual</b>	<b>Individual</b>	<b>Cumulative</b>	<b>Cumulative</b>
		<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>
		<b>Current</b>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding Year</b>
		<b>Year</b>	<b>Corresponding</b>	<b>Year</b>	<b>Corresponding</b>
		<b>Quarter</b>	<b>Quarter</b>	<b>to date</b>	<b>Period</b>
	<b>Note</b>	<b>31-Dec</b>	<b>30-Jun</b>	<b>31-Dec</b>	<b>30-Jun</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Continuing Operations</b>					
Revenue	A8	42,372	59,285	86,955	93,216
Other income		543	261	791	4,525
Operating expenses		(31,849)	(45,312)	(67,770)	(67,578)
Depreciation and amortisation		(5,664)	(5,486)	(11,307)	(10,909)
Impairment loss (charge)/reversal		(4,011)	(54,858)	12,663	(54,858)
Loss on disposal of investment		(561)	-	(561)	-
Interest Income		788	370	1,605	718
Interest Expense		(1,133)	(2,574)	(3,076)	(4,988)
Other Finance Cost		(156)	(580)	(261)	(1,159)
Share of Results of Associate		(1,560)	(3,595)	(7,227)	(6,506)
<b>(Loss)/Profit before Tax</b>		<b>(1,231)</b>	<b>(52,489)</b>	<b>11,812</b>	<b>(47,539)</b>
Taxation	B5	(166)	(2,629)	(2,572)	(3,856)
<b>(Loss)/Profit for the period from continuing operations</b>		<b>(1,397)</b>	<b>(55,118)</b>	<b>9,240</b>	<b>(51,395)</b>
<b>Discontinued Operation</b>					
(Loss)/profit for the period from discontinued operation		(1,608)	155,800	(1,800)	152,249
<b>Profit for the period</b>		<b>(3,005)</b>	<b>100,682</b>	<b>7,440</b>	<b>100,854</b>
Attributable to:					
Equity holders of the parent		(2,587)	27,092	7,876	28,892
Minority Interest		(418)	73,590	(436)	71,962
		<b>(3,005)</b>	<b>100,682</b>	<b>7,440</b>	<b>100,854</b>
<b>Earnings per share attributable to equity holders of the parent:</b>					
Basic, for (loss)/profit from continuing operations (sen)		(1.36)	(70.24)	7.09	(65.51)
Basic, for profit/(loss) from discontinued operation (sen)		(0.71)	104.66	(0.79)	102.21
Basic, for (loss)/profit for the period (sen)		<b>(2.07)</b>	<b>34.41</b>	<b>6.30</b>	<b>36.70</b>
Diluted, for (loss)/profit from continuing operations (sen)		(1.35)	(67.36)	7.04	(62.82)
Diluted, for profit/(loss) from discontinued operations (sen)		(0.70)	100.35	(0.78)	98.01
Diluted, for (loss)/profit for the period (sen)		<b>(2.06)</b>	<b>33.00</b>	<b>6.26</b>	<b>35.19</b>

The Group has changed its financial year end from 31 December to 30 June. The current financial year is from 1 July 2007 to 30 June 2008, and the previous financial period was from 1 January 2006 to 30 June 2007, an 18-month period. The quarter ended 31 December 2007 is the second quarter for the current financial year and the quarter ended 30 June 2006 was the second quarter for the preceding financial period.

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the period ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

**M3ENERGY BERHAD****CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007**

(The figures have not been audited)

		<b>2007</b>	<b>2007</b>
		<b>End of</b>	<b>Audited</b>
		<b>Current</b>	<b>Preceding</b>
		<b>Quarter</b>	<b>Financial</b>
	<b>Note</b>	<b>31-Dec</b>	<b>Year End</b>
		<b>RM'000</b>	<b>30-Jun</b>
			<b>RM'000</b>
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment		246,725	253,811
Prepaid lease rental		6,183	6,215
Intangible assets		11,667	7,144
Investment in associates		-	24,197
Other investments		17,691	1,451
Deferred tax assets		21,803	24,903
		<u>304,069</u>	<u>317,721</u>
Current Assets			
Inventories		14,347	13,656
Trade and other receivables		51,943	72,282
Cash and bank balances		173,691	171,221
		<u>239,981</u>	<u>257,159</u>
Total Assets		<u>544,050</u>	<u>574,880</u>
<b>Equity and Liabilities</b>			
Equity attributable to equity holders of the parent			
Share capital	A6	125,064	125,064
Reserves		295,857	284,224
		<u>420,921</u>	<u>409,288</u>
Minority interest		35,224	35,091
Total Equity		<u>456,145</u>	<u>444,379</u>
Non-Current Liabilities			
Borrowings	B9	13,661	29,113
Deferred tax liabilities		115	115
		<u>13,776</u>	<u>29,228</u>
Current Liabilities			
Overdraft and short term borrowings	B9	57,164	79,004
Trade and other payables		14,516	18,416
Taxation		2,449	3,853
		<u>74,129</u>	<u>101,273</u>
Total Liabilities		<u>87,905</u>	<u>130,501</u>
Total Equity and Liabilities		<u>544,050</u>	<u>574,880</u>
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)			
		3.37	3.27

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the period ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

**M3ENERGY BERHAD****CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2007**

(The figures have not been audited)

	<b>31-Dec-07</b>	<b>30-Jun-06</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit before tax	10,013	105,108
Adjustments:-		
Non-cash items	8,732	(64,669)
Operating profit before changes in working capital	<u>18,745</u>	<u>40,439</u>
Changes in working capital	15,226	6,483
Cash used in operations	<u>(4,297)</u>	<u>(9,920)</u>
Net cash flow from operating activities	<u>29,674</u>	<u>37,002</u>
Investing Activities		
Purchase of property, plant and equipment	(4,189)	(10,255)
Exploration and development expenditure	(4,522)	-
Purchase of investments	-	(747)
Proceeds from disposal of associate	15,163	-
Disposal of property, plant and equipment	-	154
Interest income received	2,285	844
Dividends received	7	22
Disposal of operations	-	236,688
Others	-	(1,723)
	<u>8,744</u>	<u>224,983</u>
Financing Activities		
Drawdown of borrowings	26,886	27,423
Repayment of borrowings	(64,840)	(26,899)
Proceeds from issuance of shares	-	641
Dividends paid	(1,876)	-
Withdrawal of deposits	26,122	(400)
	<u>(13,708)</u>	<u>765</u>
Net change in cash & cash equivalents	24,710	262,750
Cash and cash equivalents at beginning of the year	109,989	86,931
Effect of exchange rate changes	1,277	(5,036)
Cash and cash equivalents at end of the period	<u>135,976</u>	<u>344,645</u>
Cash and cash equivalents comprise:		
Cash on hand and in bank	32,082	7,180
Deposits with licensed banks	108,376	339,422
Bank overdrafts	(4,482)	(1,957)
	<u>135,976</u>	<u>344,645</u>
Deposits pledged with licensed banks	<u>33,233</u>	<u>615</u>

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The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the period ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

**M3ENERGY BERHAD**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2007**

(The figures have not been audited)

6 months ended 31 December 2007	<----- Attributable to Equity Holders of the Parent ----->						Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	Sub-Total RM'000	Minority Interest RM'000	
	At 1 July 2007	125,064	79,211	1,130	203,883	409,288	
Currency translation differences	-	-	1,151	-	1,151	569	1,720
Share of associate's reserve	-	-	2,211	-	2,211	-	2,211
Disposal of associate	-	-	120	-	120	-	120
Net income/(expense) recognised directly in equity	-	-	3,482	-	3,482	569	4,051
Profit for the period	-	-	-	7,876	7,876	(436)	7,440
Total recognised income and expense for the period	-	-	3,482	7,876	11,358	133	11,491
Dividends paid	-	-	-	(1,876)	(1,876)	-	(1,876)
Share-based payment under ESOS	-	-	2,151	-	2,151	-	2,151
	-	-	5,633	6,000	11,633	133	11,766
At 31 December 2007	125,064	79,211	6,763	209,883	420,921	35,224	456,145
<b>6 months ended 30 June 2006</b>							
At 1 January 2006	78,557	118,255	908	201,913	399,633	64,235	463,868
Effects of adopting FRS 3	-	-	-	1,460	1,460	-	1,460
Currency translation differences	-	-	3,203	-	3,203	(230)	2,973
Dilution of shares	-	-	-	(56)	(56)	805	749
Net income/(expense) recognised directly in equity	-	-	3,203	1,404	4,607	575	5,182
Profit for the period	-	-	-	28,892	28,892	71,962	100,854
Total recognised income and expense for the period	-	-	3,203	30,296	33,499	72,537	106,036
Share issue pursuant to ESOS	541	262	(162)	-	641	-	641
Share-based payment under ESOS	-	-	4,153	-	4,153	-	4,153
Arising from disposal of operations	-	-	(5,146)	-	(5,146)	(2,567)	(7,713)
Arising from purchase of interest in subsidiary from minority shareholder	-	-	-	-	-	(533)	(533)
	541	262	2,048	30,296	33,147	69,437	102,584
At 30 June 2006	79,098	118,517	2,956	232,209	432,780	133,672	566,452

The Group has changed its financial year end from 31 December to 30 June. The current financial year is from 1 July 2007 to 30 June 2008, and the previous financial period was from 1 January 2006 to 30 June 2007, an 18-month period. The quarter ended 30 September 2007 is the first quarter for the current financial year and the quarter ended 31 March 2006 was the first quarter for the preceding financial period.

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the period ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

## M3ENERGY BERHAD

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2007

#### A1. Accounting Policies

The interim financial statements has 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 statements for the period ended 30 June 2007.

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 period ended 30 June 2007.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the audited financial statements for the period ended 30 June 2007, except for the adoption of the following new/revised FRSs:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 117	Leases
FRS 118	Revenue
FRS 124	Related Party Disclosures
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effect of Changes in Foreign Exchange Rates - Net Investment in Foreign Operations

The adoption of the new/revised FRSs does not have significant impact on the Group, except for FRS 117. The principle effects of the change in accounting policies resulting from the adoption of FRS 117 are summarised below:

#### FRS 117: Leases

Prior to the adoption of FRS 117, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and accumulated impairment losses. Under the FRS 117, leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements are considered separately for the purposes of lease classification. The land element is normally classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term and where necessary, the minimum lease payments or the upfront payments are allocated between the land and buildings elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception of the lease. The upfront payment represents prepaid lease rental and are amortised over the remaining lease term.

The reclassification of leasehold land from property, plant and equipment to prepaid lease rental has been accounted for retrospectively in the consolidated balance sheet. The adoption of FRS 117 has no financial effect on the consolidated income statement. The effects on the comparatives to the Group on the adoption of FRS 117 are as follows:

	Previously Stated RM'000	Effects RM'000	Restated RM'000
Property, plant and equipment	260,026	(6,215)	253,811
Prepaid lease rental	-	6,215	6,215

**A2. Audit Qualifications**

The audit report of the preceding annual financial statements was not subject to any qualifications.

**A3. Seasonal or Cyclical Factors**

There were no seasonal or cyclical events that had materially affected the nature of the operations for the period.

**A4. Unusual Items**

There were no significant unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group since the last financial period end except as disclosed in Note B2.

**A5. Changes in Estimates**

There are no changes in estimates of amounts reported in prior interim periods or financial years that have a material effect in the current interim period.

**A6. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities except for the following:

<b>Issued and Fully Paid-up Share Capital</b>	<b>No. of shares</b>	
	<b>2007</b>	<b>2006</b>
<b>- Ordinary Shares of RM1 Each</b>	<b>'000</b>	<b>'000</b>
At 1 July 2007/1 January 2006	125,064	78,557
Issued during the period		
- Exercise of ESOS	-	541
At 30 December 2007/30 June 2006	<u>125,064</u>	<u>79,098</u>

At the end of the quarter, there were 8.8 million unexercised options under the ESOS.

**A7. Dividends Paid**

A first and final tax exempt dividend of 1.5% in respect of the financial period ended 30 June 2007 amounting to RM1,875,962.46 was paid on 29 November 2007.

**A8. Segmental Reporting By Activity**

	<b>Segment Revenue</b>		<b>Segment Results</b>	
	<b>Year to date</b>	<b>Year to date</b>	<b>Year to date</b>	<b>Year to date</b>
	<b>31-Dec-07</b>	<b>30-Jun-06</b>	<b>31-Dec-07</b>	<b>30-Jun-06</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Technical/ oil and gas services	41,231	44,811	11,323	13,939
Trading and manufacturing	15,683	30,903	1,881	4,145
Engineering, Procurement and Construction	29,355	17,416	2,359	1,422
Investment Holding	1,148	1,253	5,771	(280)
Others	-	-	(1,638)	(123)
	<u>87,417</u>	<u>94,383</u>	<u>19,696</u>	<u>19,103</u>
Eliminations	(462)	(1,167)	1,075	(54,707)
	<u>86,955</u>	<u>93,216</u>	<u>20,771</u>	<u>(35,604)</u>
Discontinued operation	-	76,733	(1,800)	152,601
	<u>86,955</u>	<u>169,949</u>	<u>18,971</u>	<u>116,997</u>

Segment results is earnings before interest income, interest expense, other finance costs and share of results in associate.

**A9. Valuations of Property, Plant and Equipment**

The valuations of property, plant and equipment had been brought forward without any amendment from the previous annual financial statements.

Pursuant to an existing contract, a customer has the right to purchase an asset of a subsidiary in October 2008. In the event the purchase option is exercised, there will be a potential loss on disposal of about RM16 million.

**A10. Subsequent Events**

On 7 January 2008, the Singapore Exchange Securities Trading Limited granted Maveric Ltd, a subsidiary of the Company, a final extension of the suspension period up to 30 September 2008, subject to certain conditions.

On 31 January 2008, Carigali-PTTEPI Operating Company Sdn Bhd (CPOC) awarded M3nergy a contract for the provision of a leased Floating Storage and Offloading Facility (FSO) for the Joint Development Area (JDA) Block B-17 Field Development Project, in the Gulf of Thailand. The lease period is for 16 years with an option to extend up to 20 years. The contract value for the primary guaranteed term of 16 years is expected to be about USD298 million.

**A11. Changes in Composition of the Group**

There are no changes in the composition of the Group for the current quarter including business combinations, acquisitions or disposal of subsidiaries and long term investments, restructuring or discontinuing operations except as disclosed below.

On 12 December 2007, the Company completed its sale of 29,442,000 ordinary shares in Malaysian Merchant Marine Berhad (MMM) to Core Attributes (M) Sdn Bhd (CASB). As a result of the sale, MMM ceased to be an associate of M3nergy.

**A12. Changes in Contingent Liabilities and Contingent Assets**

There were no material changes in contingent liabilities or contingent assets since the last annual financial statements as at 30 June 2007.

**A13. Change of Financial Year End**

The Group has changed its financial year end from 31 December to 30 June during the last financial period. The current financial period is from 1 July 2007 to 30 June 2008 and the previous financial period was from 1 January 2006 to 30 June 2007.

## ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD

### B1. Performance Review

Revenue from the trading and manufacturing division and technical/oil and gas services division decreased by RM15.2 million and RM3.6 million respectively as compared to the corresponding period in 2006 while revenue from the engineering, procurement and construction division increased by RM12.0 million as compared to the corresponding period in 2006, resulting in an overall decrease in Group revenue of 7% over the corresponding period in 2006.

The Group generated a profit before tax of RM11.8 million for the period ended 31 December 2007 as compared to a loss before tax of RM47.5 million for the corresponding period of the last financial period. The substantial difference against the corresponding period of the last financial period is mainly due to impairment loss on an associate of RM54.9 million, which was made during the period ended 30 June 2006.

### B2. Material Change in Quarterly Profit Before Taxation

The loss before tax for the current quarter was RM1.2 million as compared to a profit before tax of RM13.0 million in the preceding quarter. Impairment loss of RM4.0 million was made during the current quarter whilst a write back of impairment loss of RM16.7million was made during the last quarter.

### B3. Prospects

The business outlook for the oil and gas sector remains positive in view of the favourable oil prices. The Group will continue to pursue business opportunities in exploration and production ("E&P") as well as FPSO/FSO projects.

Taking into account the Group's continuing operations, the Group results for the current financial year is expected to be better than the last financial period. The Directors are confident of the long term prospects of the Group and expect the E&P projects currently in-hand in India and Indonesia to generate revenue in the next 3 to 5 years. The recent FSO contract awarded as disclosed in Note A10 is expected to be commissioned in the third quarter of 2009, contributing positively to the earnings from the financial year ending 30 June 2010.

### B4. Profit Forecast and Profit Guarantee

No profit forecast and/or profit guarantee have been issued by the Group.

### B5. Taxation

	Group	
	Quarter ended 31-Dec-07 RM'000	Year to date 31-Dec-07 RM'000
Major components of tax expense:		
Current year provision	325	931
Deferred tax	1,300	3,100
	<u>1,625</u>	<u>4,031</u>
Overprovision - prior years	(1,459)	(1,459)
	<u>166</u>	<u>2,572</u>
(Loss)/Profit before taxation	<u>(1,231)</u>	<u>11,812</u>
Taxation at the statutory income tax rate	(332)	3,189
Tax effect on timing differences, provisions and expenses not deductible for tax purposes	498	(617)
Tax expense	<u>166</u>	<u>2,572</u>



**B6. Sale of Unquoted Investments and/or Properties**

There was no sale of unquoted investments or properties during the period.

**B7. Purchase and Disposal of Quoted Securities**

Details of purchases and disposals of quoted securities are as follows:

	Group	
	31-Dec-07	30-Jun-07
	RM'000	RM'000
Purchase consideration	-	-
Sale proceeds	15,163	-
Loss on disposal	561	-
Quoted securities held		
- at book value	16,256	24,213
- at market value	21,774	27,619

**B8. Status of Corporate Proposals**

There were no outstanding corporate proposals except as disclosed below:

Maveric Ltd, a 54.85% subsidiary, had on 10 December 2007, entered into a conditional sale and purchase agreement with Messrs Tan Keng Siong Thomas, Tan Sek Khoon and Yeo Ai Tee to acquire the entire issued and paid-up share capital of Kim Heng Marine & Oilfield Pte Ltd, Kim Heng Maritime Pte Ltd, Kim Heng Tubulars Pte Ltd, Kim Heng Shipbuilding & Engineering Pte Ltd, Darwin Offshore Logistics Base Pty Ltd, Darwin Base Waste Pty Ltd and Alpine Progress Shipping Pte Ltd (Proposed Acquisition), which is subject to the approval of the shareholders of M3nergy at an extraordinary general meeting to be convened.

**B9. Group Borrowings**

The details of Group borrowings are as follows:

Nature	Secured/ Unsecured	Group 31-Dec-07		Group 30-Jun-07	
		Repayable Within 12 Months RM'000	Repayable After 12 Months RM'000	Repayable Within 12 Months RM'000	Repayable After 12 Months RM'000
Revolving Credit ("RC")/ Trade Loan/Overdraft	Secured	19,744	-	41,254	-
Term Loans	Secured	36,985	13,533	37,278	28,720
Hire-Purchase	Secured	435	128	472	393
		<u>57,164</u>	<u>13,661</u>	<u>79,004</u>	<u>29,113</u>

Included under Term Loans is a US Dollar 5-year term loan up to 2009 of USD12.5 million (RM41.3 million). The repayments will be made from revenue receipts denominated in US Dollars.

## B10. Off Balance Sheet Financial Instruments

### Interest Rate Swap

The Group's accounting policy recognises interest based on a time proportion basis that reflects the effective yield on the asset.

The Group's primary interest rate risk relates to interest-bearing debts, as the Group had no long-term interest-bearing assets as at the end of the period. The investment in financial assets are mainly short term in nature. They are not held for speculative purposes and have mostly been placed in fixed deposits.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. The Group also uses hedging instruments such as interest rate swaps to minimise its exposure to interest rate volatility.

At the end of the quarter, the group has two outstanding interest rate swap ("IRS") agreements with commercial banks relating to the Group's USD50 million term loan which has an interest rate exposure of a 3-month SIBOR ("Relevant Rate") + 1.15% p.a.. The arrangements changed the interest rate exposure on the Relevant Rate to the following:

Notional Amount USD'mil	Commencement	Expiry	Interest Rate Exposure with IRS
(a) 6.25	26-Mar-04	26-Mar-09	3-month SIBOR in arrears +2.03% p.a. (capped at 4.53% when SIBOR is less than 5.50%). This arrangement included the unwinding costs of a former IRS.
(b) 6.25	27-Dec-04	16-Oct-08	3-month LIBOR +0.395% p.a. with LIBOR capped at 4.00% p.a.

The subsidiary is exposed to credit loss in the event of non-performance by the commercial banks involved in the IRS agreements. However, the subsidiary does not anticipate non-performance by the commercial banks concerned. The 3-month SIBOR and LIBOR as at the end of the quarter were 4.71% and 4.70% per annum respectively.

### Call and Put Options

Pursuant to the Supplemental Share Sale Agreement entered into between the Company and Core Attributes (M) Sdn Bhd (CASB) on 12 December 2007, the Company has agreed to grant CASB an irrevocable option over 20,933,884 ordinary shares (Option OS) for a total consideration of RM20,515,206 in addition to the call option over M3nergy's Islamic Preference Shares and Warrants, which may be exercised by CASB up to 31 December 2008. M3nergy also has a put option on CASB, Dato' Ramesh Rajaratnam and Datin S.L. Sharlini Manickam to require them to purchase all the Option OS for a total consideration of RM20,515,206.

## B11. Material Litigation and Dispute

Neither the Company nor any of its subsidiary companies are engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings, pending or threatened, against the Company or its subsidiary companies or of facts likely to give rise to any proceedings which might materially affect the position or business of the Company or its subsidiary companies, financially or otherwise.

**B12. Dividends**

No dividend was declared during the quarter.

**B13. Earnings Per Share****(a) Basic**

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in issue has been adjusted to include the 41,688,057 bonus shares issued on 20 April 2007.

	<b>Group</b>			
	<b>Quarter ended 31-Dec-07 RM'000</b>	<b>Quarter ended 30-Jun-06 RM'000</b>	<b>Year to date 31-Dec-07 RM'000</b>	<b>Year to date 30-Jun-06 RM'000</b>
(Loss)/Profit from continuing operations attributable to ordinary equity holders of the parent	(1,705)	(55,301)	8,863	(51,576)
Profit/(Loss) from discontinued operation attributable to ordinary equity holders of the parent	(882)	82,393	(987)	80,468
Net (loss)/profit attributable to equity holders of the parent	<u>(2,587)</u>	<u>27,092</u>	<u>7,876</u>	<u>28,892</u>
Weighted average number of ordinary shares in issue	125,064	78,727	125,064	78,727
Basic earnings per share (sen) for:				
(Loss)/Profit from continuing operations	(1.36)	(70.24)	7.09	(65.51)
Profit/(Loss) from discontinued operation	(0.71)	104.66	(0.79)	102.21
(Loss)/Profit for the period	<u>(2.07)</u>	<u>34.41</u>	<u>6.30</u>	<u>36.70</u>

**(b) Diluted**

Diluted earnings per share is calculated by dividing the adjusted net profit attributable to equity holders of the parent by the adjusted weighted average number of ordinary shares in issue and issuable during the financial period. The weighted average number of shares in issue has been adjusted to include the 41,688,057 bonus shares issued on 20 April 2007.

The dilutive potential ordinary shares of the Group are the employees share options.

	<b>Group</b>			
	<b>Quarter ended 31-Dec-07 RM'000</b>	<b>Quarter ended 30-Jun-06 RM'000</b>	<b>Year to date 31-Dec-07 RM'000</b>	<b>Year to date 30-Jun-06 RM'000</b>
(Loss)/Profit from continuing operations attributable to ordinary equity holders of the parent	(1,705)	(55,301)	8,863	(51,576)
Profit/(Loss) from discontinued operation attributable to ordinary equity holders of the parent	(882)	82,393	(987)	80,468
Net (loss)/profit attributable to equity holders of the parent	<u>(2,587)</u>	<u>27,092</u>	<u>7,876</u>	<u>28,892</u>

Weighted average number of ordinary shares in issue	125,064	78,727	125,064	78,727
Effects of dilution - share options	789	3,375	789	3,375
Adjusted weighted average number of ordinary shares in issue	125,853	82,102	125,853	82,102
Diluted earnings per share (sen) for:				
(Loss)/Profit from continuing operations	(1.35)	(67.36)	7.04	(62.82)
Profit/(Loss) from discontinued operation	(0.70)	100.35	(0.78)	98.01
(Loss)/Profit for the period	(2.06)	33.00	6.26	35.19

**B14. Authorised for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 February 2008.