

SAPURACREST PETROLEUM BERHAD
(Company No : 45631-D)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 2006

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|--|
| | Current year quarter 31/7/2006 RM'000 | Preceding year corresponding quarter 31/7/2005 RM'000 (restated) | Six months to 31/7/2006 RM'000 | Six months to 31/7/2005 RM'000 (restated) |
| 1. Revenue | 369,172 | 490,328 | 749,335 | 855,268 |
| Operating expenses | (326,098) | (448,556) | (680,201) | (773,618) |
| Other income | 4,367 | 1,309 | 7,038 | 3,147 |
| Profit from operations | 47,441 | 43,081 | 76,172 | 84,797 |
| Finance cost | (21,734) | (8,213) | (34,312) | (20,747) |
| Profit before share of associated companies and jointly controlled entities' results | 25,707 | 34,868 | 41,860 | 64,050 |
| Share of profit of associated companies and jointly controlled entities | (1,092) | 416 | (927) | 934 |
| Profit before taxation | 24,615 | 35,284 | 40,933 | 64,984 |
| Taxation | (3,521) | (5,093) | (5,442) | (6,308) |
| Profit for the period | 21,094 | 30,191 | 35,491 | 58,676 |
| Attributable to : | | | | |
| Equity holders of the parent | 7,905 | 21,107 | 13,663 | 41,267 |
| Minority interests | 13,189 | 9,084 | 21,828 | 17,409 |
| | 21,094 | 30,191 | 35,491 | 58,676 |
| 2. Earnings per share (sen) | | | | |
| Basic | 0.89 | 2.40 | 1.54 | 4.69 |
| Diluted | 0.86 | 1.80 | 1.47 | 3.83 |

The condensed consolidated income statement should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2006.

SAPURACREST PETROLEUM BERHAD
(Company No : 45631-D)
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II. CONDENSED CONSOLIDATED BALANCE SHEET

| | UNAUDITED As at end of current quarter 31/7/2006 RM'000 | AUDITED As at preceding financial year end 31/1/2006 RM'000 |
|--|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 760,602 | 989,574 |
| Investment in associated companies | 8,739 | 22,558 |
| Investment in jointly controlled entities | 52,557 | 98 |
| Patent costs | 36 | 42 |
| Deferred tax assets | 4,616 | 7,429 |
| Goodwill on consolidation | 145,262 | 130,962 |
| Cash and bank balances | - | 2,575 |
| | <u>971,812</u> | <u>1,153,238</u> |
| Current assets | | |
| Inventories & WIP | 39,410 | 34,430 |
| Amount due from related companies | 7,627 | 9,039 |
| Trade & other receivables | 1,032,047 | 941,165 |
| Cash and bank balances | 531,232 | 367,287 |
| | <u>1,610,316</u> | <u>1,351,921</u> |
| TOTAL ASSETS | <u>2,582,128</u> | <u>2,505,159</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 177,169 | 176,032 |
| Redeemable cumulative convertible preference shares | 1,301 | 1,301 |
| Share premium | 185,423 | 183,465 |
| Other reserves | 68,030 | 64,294 |
| Retained profit | 64,041 | 50,378 |
| | <u>495,964</u> | <u>475,470</u> |
| Minority interests | <u>200,049</u> | <u>179,760</u> |
| Total equity | <u>696,013</u> | <u>655,230</u> |
| Non-current liabilities | | |
| Borrowings | 894,945 | 879,806 |
| Deferred taxation | 9,967 | 10,067 |
| | <u>904,912</u> | <u>889,873</u> |
| Current liabilities | | |
| Amount due to related companies | 5,211 | 4,177 |
| Trade & other payables | 566,230 | 545,318 |
| Borrowings | 391,551 | 394,110 |
| Taxation | 18,211 | 16,451 |
| | <u>981,203</u> | <u>960,056</u> |
| TOTAL LIABILITIES | <u>1,886,115</u> | <u>1,849,929</u> |
| TOTAL EQUITY AND LIABILITIES | <u>2,582,128</u> | <u>2,505,159</u> |
| Net assets per share (RM) | <u>0.56</u> | <u>0.54</u> |

The condensed consolidated income statement should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2006.

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III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Unaudited Six months to 31/7/2006 RM'000 | Unaudited Six months to 31/7/2005 RM'000 |
|---|---|---|
| Profit before taxation | 40,933 | 64,984 |
| Adjustment for non-cash items | 54,977 | 51,846 |
| Operating profit before working capital changes | <u>95,910</u> | <u>116,830</u> |
| Net change in current assets | (90,930) | (269,722) |
| Net change in current liabilities | <u>22,999</u> | <u>150,943</u> |
| | 27,979 | (1,949) |
| Non-operating items | <u>(37,795)</u> | <u>(19,336)</u> |
| Net cash used in operating activities | (9,816) | (21,285) |
| Net cash generated from /(used in) investing activities | 152,200 | (255,625) |
| Net cash (used in)/generated from financing activities | <u>(109,140)</u> | <u>87,168</u> |
| Net changes in Cash and Cash Equivalent | 33,244 | (189,742) |
| Effect of exchange rate translation | (1,417) | (568) |
| Cash and Cash Equivalents at 1 February 2006 | <u>304,603</u> | <u>357,177</u> |
| Cash and Cash Equivalents at 31 July 2006 | <u><u>336,430</u></u> | <u><u>166,867</u></u> |

Cash and cash equivalents comprise of the following:

| | RM'000 | RM'000 |
|-------------------------------|-----------------------|-----------------------|
| Cash and bank balances | 531,232 | 232,473 |
| Bank overdrafts | <u>(5,148)</u> | <u>(4,639)</u> |
| | 526,084 | 227,834 |
| Less : Fixed deposits pledged | <u>(189,654)</u> | <u>(60,967)</u> |
| | <u><u>336,430</u></u> | <u><u>166,867</u></u> |

The condensed consolidated cash flow statement should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2006.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to Equity Holders of the Parent | | | | Total | Minority interest | Total Equity |
|--|--|---------------|----------------|--|---------|-------------------|--------------|
| | Share Capital | Share Premium | Other Reserves | Retained profit / (accumulated losses) | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Six months to 31 July 2006 | | | | | | | |
| (unaudited) | | | | | | | |
| At 1 February 2006 | 177,333 | 183,465 | 64,294 | 50,378 | 475,470 | 179,760 | 655,230 |
| Net profit for the period | - | - | - | 13,663 | 13,663 | 21,828 | 35,491 |
| Issue of ordinary share pursuant of ESOS | 1,137 | 1,934 | - | - | 3,071 | - | 3,071 |
| Share-based payment under ESOS | - | 24 | 228 | - | 252 | - | 252 |
| Foreign currency translation | - | - | 3,508 | - | 3,508 | (1,539) | 1,969 |
| At 31 July 2006 | 178,470 | 185,423 | 68,030 | 64,041 | 495,964 | 200,049 | 696,013 |
| | | | | | | | |
| Six months to 31 July 2005 | | | | | | | |
| (unaudited) | | | | | | | |
| At 1 February 2005 | 177,112 | 183,090 | 63,006 | (13,385) | 409,823 | 152,883 | 562,706 |
| Net profit for the period | - | - | - | 41,267 | 41,267 | 17,409 | 58,676 |
| Acquisition of a subsidiary | - | - | - | - | - | 3,538 | 3,538 |
| Foreign currency translation | - | - | 220 | - | 220 | (1,830) | (1,610) |
| At 31 July 2005 | 177,112 | 183,090 | 63,226 | 27,882 | 451,310 | 172,000 | 623,310 |

The condensed consolidated statement of changes in equity should be read in conjunction with the Annual Financial Statements for the year ended 31 January 2006.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2006.

1. Accounting policies and methods of computation

- i) The unaudited condensed consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning or after 1 January 2006:

| | |
|---------|--|
| FRS 2 | Share-based Payments |
| FRS 3 | Business Combinations |
| FRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| 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 | Investment in Associates |
| FRS 131 | Interests in Joint Ventures |
| FRS 132 | Financial Instruments: Disclosure and Presentation |
| FRS 133 | Earnings Per Share |
| FRS 136 | Impairment of Assets |
| FRS 138 | Intangible Assets |
| FRS 140 | Investment Property |

The adoption of FRS 3, 5, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133, 136, 138 and 140 does not have significant financial impact on the Group.

The principal effects of changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

a) FRS 2: Share-based Payments

The Company operates an equity-settled, share based compensation plan for the employees of the Group, the Employee Share Options Scheme (“ESOS”). Prior to 31 January 2006, no compensation expense was recognised in profit or loss for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognized in profit or loss over the vesting periods of the grants with a corresponding increase in equity.

Under the transitional provisions of FRS 2, this FRS must be applied to share options that were granted after 31 December 2004 and had not yet vested on 1 February 2006.

The financial impact to the Group arising from this change in accounting policy is an additional charge of RM252,197 to the profit of the Group arising from the share options granted to employees of the Group under the ESOS.

b) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of net after-tax 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. FRS 101 also 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 interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with comparatives restated to conform with the current period's presentation.

(ii) The following comparative amounts have been restated due to the adoption of FRS 101:

a) Balance Sheet at 31 January 2006

| | Previously stated | Reclassification | Restated |
|---------------------------|-------------------|------------------|----------|
| | RM'000 | RM'000 | RM'000 |
| Non current assets | | | |
| Cash and bank balances | - | 2,575 | 2,575 |
| Current assets | | | |
| Cash and bank balances | 369,862 | (2,575) | 367,287 |

b) Condensed Consolidated Income Statement for 6 months ended 31 July 2005

| | Previously stated | Reclassification | Restated |
|--------------------------------|-------------------|------------------|-----------|
| | RM'000 | RM'000 | RM'000 |
| Other income | 306 | 2,841 | 3,147 |
| Operating expenses | (770,777) | (2,841) | (773,618) |
| Share of results of associates | 1,030 | (96) | 934 |
| Taxation | (6,404) | 96 | (6,308) |

2. Audit report of preceding annual financial statements

The audit report of the Group's financial statements for the financial year ended 31 January 2006 was not qualified.

3. Seasonality and cyclicity of operations

The Group's operations are not materially subject to any seasonal or cyclical factors except for severe weather conditions.

4. Unusual items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial period ended 31 July 2006 except as disclosed in Notes 1 and 5.

5. Changes in estimates

With the adoption of FRS 116: Property, Plant and Equipment, the Group revised the residual values of certain property, plant and equipment mainly the vessels, and the estimated useful lives of certain furniture and equipments. The revisions were accounted for as change in accounting estimates. As a result, the depreciation charges for the current financial period have been reduced by RM7.5 million.

Save as disclosed above, there were no other changes in estimates that have had material effect in the current quarter and financial period ended 31 July 2006 results.

6. Debt and equity securities

During the current quarter and financial period ended 31 July 2006, the issued and paid up capital of the Company increased from 880,159,875 ordinary shares of RM0.20 each to 885,847,175 ordinary shares of RM0.20 each by the issuance of 5,687,300 new ordinary shares of RM0.20 each, pursuant to the exercise of share options under the Company ESOS.

Save as disclosed above, there were no other issuances, cancellations, repurchases, resale and repayment of debt and equity securities.

7. Dividends paid

There were no dividends paid or declared during the current quarter.

8. Segmental information

| | 6 months to 31/7/06 | |
|---|----------------------------|------------------------|
| | Revenue | profit / (loss) |
| | RM'000 | RM'000 |
| Installation of Pipelines and Facilities | 322,862 | (9,418) |
| Drilling | 177,364 | 44,106 |
| Marine Services | 209,056 | 18,719 |
| Operations and Maintenance | 40,053 | 5,900 |
| Investment holding and corporate operations | | (18,374) |
| Consolidated revenue / results | 749,335 | 40,933 |

9. Carrying amount of revalued assets

The valuations of property, plant and equipment have been brought forward without amendment from previous audited financial statements.

10. Subsequent event

Event subsequent to 31 July 2006 to the date of this announcement are as follows:

On 25 August 2006, Bayu Padu Sdn Bhd ("Bayu Padu"), a wholly owned subsidiary of the Company issued RM250 million nominal value of Istisna' Bonds, being the second tranche of the RM500 million nominal value of the Istisna' Bonds which was announced on 7 July 2005.

With the issuance of this second tranche, Bayu Padu has successfully issued the entire Istisna' Bonds with nominal value of the RM500 million.

Save as disclosed above, there were no other material events subsequent to 31 July 2006 to the date of this announcement.

11. Changes in the composition of the Group

On 9 May 2006, the joint venture established by its wholly owned subsidiary, Nautical Essence Sdn Bhd ("NESB") with Acergy MS Ltd ("Acergy") came into effect.

Accordingly, SapuraAcergy Sdn Bhd (formerly known as Nautical Offshore Sdn Bhd) and Nautical Vessels Pte Ltd ("NVPL"), both of which were previously wholly owned subsidiaries of NESB, have now become jointly controlled entities of NESB and Acergy, each holding 50% equity. NVPL is the new owner of Sapura 3000.

Save as disclosed above, there were no changes in the composition of the Group for the current quarter including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations.

12. Contingent liabilities

There were no contingent liabilities as at the date of this announcement.

13. Capital commitments

Capital commitment approved and contracted for is RM423 million.

14. Taxation

Taxation comprises the following:

| | Current quarter ended 31/7/06 RM'000 | Corresponding quarter ended 31/7/05 RM'000 | Current 6 months to 31/7/06 RM'000 | Corresponding 6 months to 31/7/05 RM'000 |
|---------------------------|--|--|--|--|
| <u>Malaysian Taxation</u> | | | | |
| - current taxation | 1,946 | 5,297 | 2,685 | 6,459 |
| - deferred taxation | 1,488 | - | 2,663 | - |
| <u>Foreign Taxation</u> | | | | |
| - current taxation | 87 | (204) | 94 | (151) |
| | <u>3,521</u> | <u>5,093</u> | <u>5,442</u> | <u>6,308</u> |

The effective tax rate for the current quarter and financial period to date lower from the statutory tax rate principally due to lower statutory tax rate of offshore subsidiary companies, utilisation of unabsorbed tax losses and capital allowances.

15. Disposal of unquoted investments and/or properties

There was no disposal of unquoted investments and/or properties during the current quarter and financial period ended 31 July 2006.

16. Quoted securities

There were no acquisitions and disposals of quoted securities for the current quarter and financial period ended 31 July 2006 and there were no investments in quoted securities as at 31 July 2006.

17. (a) Status of corporate proposal announced but not completed

Proposed joint venture with Larsen & Toubro Limited ("L&T")

On 8 June 2006, the Company announced that it had entered into an indicative term sheet with L&T to participate in the engineering, construction, management and operation of a new build derrick lay barge for the provision of offshore installation services. Under the indicative terms, the Company would hold 40% of the equity in the joint venture company while the remaining 60% would be held by L&T.

The proposed joint venture is expected to be effective within six months from the date of announcement.

(b) Status of utilisation of proceeds

Islamic PDS

The status of the utilisation of the proceeds from Bayu Padu's RM500 million nominal value of Istisna' Bonds and RM100 million nominal value of Murabahah Medium Term Notes ("MMTN") is as follows:

(i) Istisna' Bonds Proceeds

From the net proceeds of RM490 million, about RM102 million has been utilised to reimburse the Company for the acquisition of a vessel, Sarku Clementine, to refinance the cost of acquiring certain oil and gas related business and working capital purposes. About RM325 million has been utilised for cash collateral to the bondholders.

The approval from the Istisna' Bond holders and the Securities Commission had been obtained on 17 and 28 March 2006 respectively for the above utilisations.

(ii) MMTN Proceeds

The net proceeds of RM96.7 million has been fully utilised for working capital purposes.

Joint venture with Acergy MS Ltd (formerly known as Stolt Offshore M.S. Ltd)

The 50% divestment of the Company's interest via NESB, in Nautical Vessels Pte Ltd and SapuraAcergy Sdn Bhd (previously known as Nautical Offshore Sdn Bhd), to Acergy MS Limited, has raised proceeds amounting to USD64.1 million, of which about USD39 million has been utilised for working capital and USD5.6 million for corporate purposes namely as advance to NVPL to partly finance the construction of Sapura 3000.

18. Borrowings

The Group's borrowings as at 31 July 2006 are as follows:

| | <u>Long term borrowings</u> | | | <u>Short term borrowings</u> | | |
|-----------------|-----------------------------|---------------------|-----------------|------------------------------|---------------------|-----------------|
| | Secured RM'000 | Unsecured RM'000 | Total RM'000 | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
| Domestic Banks | 10,742 | - | 10,742 | 31,180 | 286,384 | 317,564 |
| Foreign Bank | 172,591 | - | 172,591 | 28,285 | 918 | 29,203 |
| Debt securities | | | | | | |
| - BaLDs | 69,512 | - | 69,512 | 24,715 | - | 24,715 |
| - CB | - | 302,505 | 302,505 | - | - | - |
| - Islamic PDS | 339,595 | - | 339,595 | - | - | - |
| - RCCPS | - | - | - | - | 20,069 | 20,069 |
| | 592,440 | 302,505 | 894,945 | 84,180 | 307,371 | 391,551 |

19. Off-balance sheet financial instruments

Cross Currency Interest Rate Swap (“CCIRS”)

As at 31 July 2006, the Company has an outstanding RM500 million CCIRS of staggered maturities to hedge both the foreign exchange and interest rate risks. This has effectively transformed the RM liabilities into equivalent liabilities in USD. By doing so, the Company will be able to hedge the repayment of the liabilities, for which the source of repayment is expected to be in USD. The final maturity of the swap is on 26 July 2015.

Hedging Instrument Accounting Policy

The hedging instruments are not recognized in the financial statements on inception. The underlying foreign currency liabilities or assets are translated at their respective hedged exchange rate and all exchange gains and losses are recognized as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gain or losses arising on contracts entered into hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

Net differentials in interest receipts and payments arising from interest rate hedging instrument are recognized as interest or expense over the period of the contract.

Credit and Market Risk

The hedging instruments were entered into with a reputable financial institution to limit the credit risk exposure of the Group.

20. Material litigation

There was no material litigation as at the date of this announcement.

21. Comparison between the current quarter and the immediate preceding quarter

Revenue for the current quarter of RM369.2 million was lower by 2.9% compared to RM380.2 million in the immediate preceding quarter mainly due to a decrease in the activities of the installation of pipelines and facilities (“IPF”) division, although revenue increased for other divisions.

The Group registered profit before taxation of RM24.6 million for the current quarter as compared to RM16.3 million in the immediate preceding quarter, an increase of 50.8%. The increase was mainly attributable to improved margins in IPF and higher utilisation of offshore drilling rigs in the drilling division.

22. Review of performance for the current quarter and current year to date

Current quarter compared to the corresponding quarter of the preceding year (3 months)

Revenue for the quarter under review of RM369.2 million showed a decrease of RM121.1 million (24.7%) compared to RM490.3 million in the corresponding quarter of the preceding year, mainly due to a decrease in activities of the IPF division.

The Group registered a lower profit before taxation of RM24.6 million as compared to RM35.3 million in the corresponding quarter of the preceding year mainly due to lower contribution by the IPF division and higher finance costs.

Current financial period compared to six months of the preceding year

For the six months under review, the Group's revenue decreased by approximately RM106.0 million (12.4%) to RM749.3 million compared to RM855.3 million in the first half of the preceding year, mainly due to a decrease in the activities of IPF division.

The Group's profit before taxation was RM40.9 million, a decrease of RM24.1 million (37.0%) compared to RM65.0 million in the first half of the preceding year also mainly due to a decrease in IPF activities and higher finance costs.

23. Prospects for the financial year ending 31 January 2007

Barring any unforeseen circumstances, the Directors expect the Group to achieve satisfactory results for the financial year ending 31 January 2007.

24. Dividend

The Board of Directors does not recommend any dividend for the current quarter under review.

25. Earnings per share

i) Basic

| | Individual Quarter | | Cumulative Quarter | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 3 months to 31/7/06 | 3 months to 31/7/05 | 6 months to 31/7/06 | 6 months to 31/7/05 |
| Net profit for the period (RM'000) | 7,905 | 21,107 | 13,663 | 41,267 |
| Weighted average number of ordinary shares in issue ('000) | 885,847 | 879,055 | 885,847 | 879,055 |
| Basic earnings per share (sen) | 0.89 | 2.40 | 1.54 | 4.69 |

ii) Diluted

| | 3 months to 31/7/06 | 3 months to 31/7/05 | 6 months to 31/7/06 | 6 months to 31/7/05 |
|--|------------------------|------------------------|------------------------|------------------------|
| Net profit for the period (RM'000) | 7,905 | 21,107 | 13,663 | 41,267 |
| Adjusted net profit | 8,191 | 21,583 | 13,972 | 45,889 |
| Weighted average number of ordinary shares in issue ('000) | 885,847 | 879,055 | 885,847 | 879,055 |
| Effect of dilution: | | | | |
| Exercise of ESOS | 2,026 | - | 2,026 | - |
| Conversion of warrants | 249,929 | 249,943 | 249,929 | 249,943 |
| Number of shares for warrants that would have been issued at fair value | (216,402) | (169,009) | (216,402) | (169,009) |
| | 33,527 | 80,934 | 33,527 | 80,934 |
| Conversion of RCCPS | 28,229 | 28,229 | 28,229 | 28,229 |
| Conversion of CB | N/A | 209,453 | N/A | 209,453 |
| Adjusted weighted average number of ordinary shares in issue and issuable: | 949,629 | 1,197,671 | 949,629 | 1,197,671 |
| Diluted earnings per share (sen) | 0.86 | 1.80 | 1.47 | 3.83 |

Note : N/A denotes Not Applicable (Anti-dilutive)

26 Goodwill on consolidation

Goodwill on consolidation has increased from RM131.0 million as at 31 January 2006 to RM145.3 million arising from the recognition of a deferred contingent consideration in relation to the acquisition of a subsidiary, as previously disclosed in the preceding quarter's financial statements.

By Order of the Board

Selangor
27 September 2006

Finton Tuan Kit Ming
Poh Phei Ling
Company Secretaries