

ENG TEKNOLOGI HOLDINGS BHD.

Company No. 234669 M
(Incorporated in Malaysia)

Interim Financial Statements
31 December 2007

ENG TEKNOLOGI HOLDINGS BHD.
(Incorporated in Malaysia)

CONTENTS

	PAGE
CONDENSED CONSOLIDATED INCOME STATEMENTS	1
CONDENSED CONSOLIDATED BALANCE SHEETS	2
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	3
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS	4 - 5
PART A - DISCLOSURE NOTES AS REQUIRED UNDER FRS 134	6 - 11
PART B - DISCLOSURE NOTES AS REQUIRED UNDER BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS	12 - 15

ENG TEKNOLOGI HOLDINGS BHD.
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	3 months period ended		Year ended	
		31 December		31 December	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
Revenue		150,402	103,407	500,590	380,978
Cost of sales		(122,447)	(92,986)	(444,341)	(318,969)
Gross profit		27,955	10,421	56,249	62,009
Other income		1,889	802	6,249	3,350
Administrative expenses		(7,573)	(6,273)	(26,095)	(26,047)
Selling and marketing expenses		(3,162)	(3,914)	(15,829)	(9,168)
Other expenses		(2,612)	(436)	(3,894)	(2,889)
Net foreign exchange (loss)/gain		(1,429)	830	3	(1,230)
Finance costs		(216)	453	(4,058)	(2,133)
Share of profit/(loss) of associate		2	7	(2)	7
Profit before tax		14,854	1,890	12,623	23,899
Income tax expense	20	1,541	(42)	6,698	(2,195)
Profit for the period		16,395	1,848	19,321	21,704
Attributable to:					
Equity holders of the Company		12,737	1,136	14,818	17,150
Minority interests		3,658	712	4,503	4,554
		16,395	1,848	19,321	21,704
Earnings per share attributable to equity holders of the Company:					
Basic, for profit for the period (sen)	28	10.7	0.9	12.4	14.4
Diluted, for profit for the period (sen)	28	10.7	0.9	12.4	14.2
The cost of sales, administrative expenses and other expenses were arrived at after:-					
(a) depreciation		(10,051)	(9,309)	(39,176)	(32,128)
(b) amortisation		(26)	(27)	(100)	(106)
Included in the finance costs were:					
(a) interest expense		(1,713)	(1,543)	(7,257)	(3,506)
(b) net foreign exchange gain arising from financing activities		1,622	2,160	3,731	2,260

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

ENG TEKNOLOGI HOLDINGS BHD.
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	As At 31 December 2007 RM'000	As At 31 December 2006 (restated) RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		146,380	159,021
Prepaid land lease payments		4,580	4,675
Intangible assets		28,151	28,579
Interest in an associate		2,809	2,532
Other investments		67	102
Retirement benefits plan asset		175	117
Deferred tax assets		2,499	-
		<u>184,661</u>	<u>195,026</u>
Current Assets			
Inventories		51,261	58,864
Trade receivables		129,682	88,750
Other receivables		19,285	20,964
Cash and bank balances		45,270	44,473
		<u>245,498</u>	<u>213,051</u>
TOTAL ASSETS		<u>430,159</u>	<u>408,077</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		119,097	119,097
Share premium		963	963
Other reserves		(3,080)	(5,907)
Retained earnings		69,071	61,376
		<u>186,051</u>	<u>175,529</u>
Minority interests		<u>18,134</u>	<u>17,002</u>
Total equity		<u>204,185</u>	<u>192,531</u>
Non-current Liabilities			
Retirement benefits obligation		162	89
Borrowings	24	30,662	31,860
Deferred tax liabilities		957	5,581
		<u>31,781</u>	<u>37,530</u>
Current Liabilities			
Retirement benefits obligation		135	117
Borrowings	24	84,064	89,845
Trade payables		64,534	49,217
Other payables		43,890	37,820
Current tax payable		1,570	1,017
		<u>194,193</u>	<u>178,016</u>
Total liabilities		<u>225,974</u>	<u>215,546</u>
TOTAL EQUITY AND LIABILITIES		<u>430,159</u>	<u>408,077</u>
Net assets per share (RM)		1.71	1.62
Net assets per share attributable to ordinary equity holders of the Company (RM)		1.56	1.47

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

ENG TEKNOLOGI HOLDINGS BHD.
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to Equity Holders of the Company →						Total Equity RM'000
	← Non-distributable →			Distributable		Minority Interests RM'000	
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total RM'000		
At 1 January 2007	119,097	963	(5,907)	61,376	175,529	17,002	192,531
Foreign currency translation	-	-	2,556	-	2,556	(282)	2,274
Transfer from ESOS reserve, arising from forfeiture of vested ESOS	-	-	(26)	23	(3)	3	-
Net income and expense recognised directly in equity	-	-	2,530	23	2,553	(279)	2,274
Profit for the year	-	-	-	14,818	14,818	4,503	19,321
Total recognised income and expense for the year	-	-	2,530	14,841	17,371	4,224	21,595
Share-based payment under ESOS	-	-	297	-	297	(1)	296
Subsidiaries' interim tax exempt dividend	-	-	-	-	-	(3,091)	(3,091)
Final tax exempt dividend	-	-	-	(7,146)	(7,146)	-	(7,146)
At 31 December 2007	119,097	963	(3,080)	69,071	186,051	18,134	204,185
At 1 January 2006	118,543	604	(3,571)	59,686	175,262	19,379	194,641
Foreign currency translation, representing net income and expense recognised directly in equity	-	-	(3,026)	-	(3,026)	(943)	(3,969)
Profit for the year	-	-	-	17,150	17,150	4,554	21,704
Total recognised income and expense for the year	-	-	(3,026)	17,150	14,124	3,611	17,735
Issue of ordinary shares pursuant to ESOS	554	339	-	-	893	-	893
Share-based payment under ESOS	-	-	710	-	710	31	741
Transfer from ESOS Reserve arising from exercise of ESOS	-	20	(20)	-	-	-	-
Subsidiaries' tax exempt dividend	-	-	-	-	-	(3,234)	(3,234)
Final tax exempt dividend	-	-	-	(15,460)	(15,460)	-	(15,460)
Purchase of additional shares in a subsidiary	-	-	-	-	-	(2,785)	(2,785)
At 31 December 2006	119,097	963	(5,907)	61,376	175,529	17,002	192,531

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

ENG TEKNOLOGI HOLDINGS BHD.
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Year ended 31 December	
	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	12,623	23,899
Adjustments for non-cash items	47,756	46,953
Operating profit before working capital changes	60,379	70,852
Decrease/(increase) in inventories	4,864	(32,718)
Increase in receivables	(40,927)	(17,824)
Increase in payables	20,470	12,756
Increase in long term receivable	(275)	(30)
Cash generated from operations	44,511	33,036
Tax refunded	60	858
Tax paid	(2,456)	(6,386)
Interest paid	(7,298)	(3,335)
Net cash generated from operating activities	34,817	24,173
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(23,854)	(79,602)
Dividend received	2	-
Interest received	748	805
Proceeds from disposal of property, plant and equipment	577	1,533
Purchase of additional shares in a subsidiary	-	(4,540)
Registration of trademark	(2)	(7)
Net cash used in investing activities	(22,529)	(81,811)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid by the Company	(7,146)	(15,460)
Dividends paid by subsidiaries to minority shareholders	-	(5,855)
Drawdown of term loans	23,289	53,280
Net change in bank borrowings	(10,587)	53,042
Proceeds from issuance of shares for ESOS exercised	-	893
Repayment of lease and hire-purchase payables	(823)	(2,768)
Repayment of term loans	(21,241)	(10,420)
Net cash (used in)/generated from financing activities	(16,508)	72,712
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,220)	15,074
FOREIGN EXCHANGE TRANSLATION EFFECT	1,233	(2,635)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	42,184	29,745
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	39,197	42,184

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the condensed consolidated cash flow statement comprise the following balance sheet amounts:

	As At 31 December	
	2007 RM'000	2006 RM'000
Cash and bank balances	45,270	44,473
Bank overdrafts	(6,073)	(2,289)
	<u>39,197</u>	<u>42,184</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

ENG TEKNOLOGI HOLDINGS BHD.
(Incorporated in Malaysia)

PART A – DISCLOSURE NOTES AS REQUIRED UNDER FRS 134

1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for the revaluation of certain leasehold properties included in property, plant and equipment.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 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 31 December 2006.

Bank of Thailand had issued notices regarding the Rules and Practices on Currency Exchange in December 2006. Consequently, this has resulted in the Thai Baht being traded using different rates in on-shore and off-shore foreign exchange market. For subsidiaries in Thailand, transactions in foreign currencies are recorded and remeasured in the financial statements using Thai Baht on-shore rate. On consolidation, the Group translates the financial statements of subsidiaries in Thailand into Ringgit Malaysia using the published rates in Malaysia.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 January 2007:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
Amendments to FRS 119 ₂₀₀₄	Employees Benefits-Actuarial Gains and Losses, Group Plans and Disclosures
FRS 124	Related Party Disclosures

FRS 6 is not relevant to the Group’s operations and the adoption of Amendment to FRS119₂₀₀₄ and FRS 124 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of FRS 117 are discussed below:

(a) 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 lease payments 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 fair values of the leasehold interest in the land element and the building element of the lease at the inception of the lease. Prior to 1 January 2007, leasehold land was classified as property, plant and equipment and was stated at cost or valuation less accumulated depreciation and any impairment losses. A leasehold land was last revalued in 1992.

Upon the adoption of the revised FRS 117 at 1 January 2007, the unamortised revalued amounts of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note 3, certain comparative amounts as at 31 December 2006 has been restated.

2. Changes in Accounting Policies (cont'd)

At the date of authorisation of these financial statements, the following FRS, amendments to FRS and Interpretations were in issue but not yet effective:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The above FRS, amendments to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application other than:

(i) FRS 112 : Income Taxes

The Group does not recognise deferred tax assets on unused reinvestment allowances as required by paragraph 36 of FRS 112₂₀₀₄ Income Taxes. Under the revised FRS 112 Income Taxes, the Group will have to recognise deferred tax asset on such unused reinvestment allowances to the extent that it is probable that future taxable profit will be available against which the unused reinvestment allowances can be utilised. The directors are unable to determine if the initial adoption of this revised FRS will have a material impact on the financial statements for the year ending 31 December 2008.

3. Comparatives

The following comparative amounts have been restated due to the adoption of new/ revised FRS:

	Previously stated RM'000	Reclassification FRS 117 (Note 2(a)) RM'000	Restated RM'000
At 31 December 2006			
Property, plant and equipment	163,696	(4,675)	159,021
Prepaid land lease payments	-	4,675	4,675

4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2006 was not qualified.

5. Segmental Information

Analysis by nature of business and geographical location:

Year ended 31 December 2007	← Manufacturing →		Trading	← Others →		Amalgamated RM'000	Elimination/ Adjustment RM'000	Consolidated RM'000
	Malaysia RM'000	Other Asia Pacific Countries RM'000	Other Asia Pacific Countries RM'000	Malaysia RM'000	Other Asia Pacific Countries RM'000			
Revenue								
External sales	103,702	256,944	139,664	-	-	500,310	-	500,310
Inter-segment sales	241,271	1,934	-	693	1,013	244,911	(244,911)	-
	344,973	258,878	139,664	693	1,013	745,221	(244,911)	500,310
Unallocated revenue								280
Total revenue								<u>500,590</u>
Results								
Segment results	15,841	(1,805)	4,872	402	(51)	19,259	-	19,259
Unallocated expenses								(2,576)
Finance costs								(4,058)
Share of loss of associate								(2)
Profit before tax								<u>12,623</u>
Income tax expense								6,698
Profit for the year								<u>19,321</u>

5. Segmental Information (Cont'd)

Year ended 31 December 2006	← Manufacturing →		Trading	← Others →		Amalgamated RM'000	Elimination/ Adjustment RM'000	Consolidated RM'000
	Malaysia RM'000	Other Asia Pacific Countries RM'000	Other Asia Pacific Countries RM'000	Malaysia RM'000	Other Asia Pacific Countries RM'000			
Revenue								
External sales	62,908	205,507	112,290	-	-	380,705	-	380,705
Inter-segment sales	197,788	-	-	682	970	199,440	(199,440)	-
	260,696	205,507	112,290	682	970	580,145	(199,440)	380,705
Unallocated revenue								273
Total revenue								<u>380,978</u>
Results								
Segment results	17,427	5,756	4,796	407	(97)	28,289	-	28,289
Unallocated expenses								(2,264)
Finance costs								(2,133)
Share of profit of associate								7
Profit before tax								<u>23,899</u>
Income tax expense								(2,195)
Profit for the year								<u>21,704</u>

The directors are of the opinion that all inter-segment transfers have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. Those transfers are eliminated on consolidation.

6. 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 31 December 2007 except as disclosed in Note 2.

7. Changes in Estimates

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

8. Comments about Seasonal or Cyclical Factors

The Group is subjected to the cyclical effects of the global technology industry and the fluctuations of the metal prices used as raw materials.

9. Dividend Paid

The amount of dividend paid during the financial period ended 31 December 2007 was as follows:

RM'000

In respect of the financial year ended 31 December 2006 as reported in the directors' report of that year:

Final tax exempt dividend of 6%, paid on 28 June 2007 7,146

10. Carrying Amount of Revalued Assets

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2006.

11. Debt and Equity Securities

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

(a) Employee Share Options Scheme ("ESOS")

There was no issuance of ordinary shares pursuant to the Company's ESOS during the financial year ended 31 December 2007.

<u>ESOS</u>	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>	<u>Option 4</u>	<u>Option 5</u>	<u>Total</u>
Grant Date	23/10/2001	18/10/2002	23/05/2003	24/02/2004	15/08/2005	
Expiry Date	22/10/2011	22/10/2011	22/10/2011	22/10/2011	22/10/2011	
	('000)	('000)	('000)	('000)	('000)	('000)
As at 1/1/2007	1,660	176	668	587	4,748	7,839
Granted	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
Foregone	-	-	69	9	323	401
As at 31/12/2007	1,660	176	599	578	4,425	7,438
Option price per Ordinary Share (RM)	1.62	1.40	1.48	2.90	1.84	

12. Changes in Composition of the Group

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

13. Commitments

The amount of commitments not provided for in the interim financial statements as at 31 December 2007 is as follows:

	As At 31 December 2007 RM'000
Approved and contracted for:	
Operating lease-buildings and equipment	28,358
Property, plant and equipment	6,472

14. Changes in Contingent Liabilities and Contingent Assets

The total contingent liabilities as at 31 December 2007 for the Company are corporate guarantees for credit facilities granted to subsidiaries of RM99.5 million (31 December 2006: RM102.0 million).

15. Subsequent Events

There were no material events subsequent to the end of the current quarter except for the following:

- (a) On 18 February 2008, the Company has granted 2,420,000 units of ordinary shares to the eligible employees under the ESOS Option 6 at the option price of RM1.13 per share.
- (b) On 26 February 2008, the Company announced that the Company proposes to seek the approval of its shareholders at the forthcoming Annual General Meeting for:
 - (i) The Proposed Share Buy-Back pursuant to Section 67A of the Companies Act, 1965 and Chapter 12 of the Listing Requirements of Bursa Malaysia Securities Berhad, for the purchase of up to ten percent (10%) of its issued and paid-up share capital.
 - (ii) The Proposed Amendments to Articles of Association of the Company.

ENG TEKNOLOGI HOLDINGS BHD.
(Incorporated in Malaysia)

**PART B – DISCLOSURE NOTES AS REQUIRED UNDER BURSA MALAYSIA SECURITIES
BERHAD LISTING REQUIREMENTS**

16. Performance Review

The performance for the reporting quarter was very encouraging with the Group recording the highest revenue in its history. Group revenue was RM150.4 million compared to the RM103.4 million in the corresponding quarter last year. This represents a 46% increase in revenue. With this, the Group has achieved record revenue for two successive quarters.

The revenue for the total year was RM500.6 million, which is also a record annual revenue for Engtek Group. Previous year's revenue was RM381.0 million. This represents a growth of 31% in annual revenue. The record revenue achieved was the fruition of the expansion plans initiated by the management, additional customer bases and backed by constant industry growth of the hard disk drive.

Profit before tax for the reporting quarter was RM14.9 million. This was a very significant improvement from the RM1.9 million achieved in the corresponding quarter in 2006. Profit before tax for the year was RM12.6 million compared to RM23.9 million for 2006. The lower earnings for this reporting year was due to adverse performance in the first half of 2007 when the Group was still unable to bring its utilisation to a satisfactory level.

17. Material Change in Profit Before Tax Against Preceding Quarter

The Group profit before tax for the reporting quarter was RM14.9 million. This was an improvement of 54% over the immediate preceding quarter of RM9.7 million. Such improvement in profit was attributable to the Group's ability to reap benefits derived from the volume economies of scale by optimising operational utilisation. This was backed by further improvement in the global demand of hard disk drive and certain industrial products for the Group.

18. Prospects

Overall global demand for hard disk drives is expected to grow 14% in 2008. This would augur well for the Group as it is well prepared to take on such volume growth and improve its market share. The Group has attained the needed business size and volume economies of scale to improve significantly in its financial performance going forward.

19. Profit Forecast or Profit Guarantee

Not applicable.

20. Income Tax Expense

	3 months period ended 31 December		Year ended 31 December	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current tax:				
Malaysian income tax	(1,751)	(179)	(1,368)	868
Foreign income tax	345	147	1,360	2,283
	(1,406)	(32)	(8)	3,151
(Over)/underprovision of income tax in prior year:				
Malaysian income tax	92	-	57	(44)
Foreign income tax	10	(1,044)	10	(1,038)
	102	(1,044)	67	(1,082)
	(1,304)	(1,076)	59	2,069
Deferred tax	(413)	1,058	(7,036)	1,102
Under/(over)provision of deferred tax in prior year	176	60	279	(976)
	(237)	1,118	(6,757)	126
Total income tax expense	(1,541)	42	(6,698)	2,195

The effective tax rate was lower than the statutory tax rate principally due to certain income not subject to tax and incentives enjoyed by the local subsidiaries under the Income Tax Act, 1967 and by foreign subsidiaries under their respective tax legislations.

Domestic income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% in subsequent years of assessment. The computation of deferred tax as at 31 December 2007 has reflected these changes.

21. Sales of Unquoted Investments and Properties

There were no sales of unquoted investments and properties during the financial year ended 31 December 2007.

22. Quoted Securities

There were no purchase or sales of quoted securities during the financial year ended 31 December 2007 and no investment in quoted securities as at 31 December 2007.

23. Corporate Proposals

There were no corporate proposals announced but not completed.

24. Borrowings

Details of the Group's borrowings as at 31 December 2007 are as follows:

	As At 31 December 2007 RM'000	As At 31 December 2006 RM'000
Short term		
Secured	22,997	19,005
Unsecured	61,067	70,840
	<u>84,064</u>	<u>89,845</u>
Long term		
Secured	29,713	28,626
Unsecured	949	3,234
	<u>30,662</u>	<u>31,860</u>
	<u>114,726</u>	<u>121,705</u>

Borrowings denominated in foreign currency:

	As At 31 December 2007		As At 31 December 2006	
	Foreign currency '000	RM'000 equivalent	Foreign currency '000	RM'000 equivalent
Short term				
Secured	USD 5,116	16,933	USD 3,145	11,103
Secured	-	-	SGD 13	29
Secured	THB 452	50	THB 427	43
Unsecured	USD 2,338	7,739	USD 5,474	19,283
Unsecured	HKD 16,184	6,865	-	-
Unsecured	-	-	SGD 106	243
Long term				
Secured	USD 8,170	27,042	USD 6,723	23,732
Secured	THB 375	41	THB 823	82

25. Off Balance Sheet Financial Instruments

Notional amount as at
19 February 2008
RM'000

Forward foreign exchange contracts:

Within 1 year 78,928

Credit risk, or the risk of counterparties defaulting, is controlled by strictly limiting the Group's association to creditworthy financial institutions in Malaysia.

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Exposure to market risk may be reduced through offsetting on and off balance sheet positions.

There are no significant credit and market risks posed by the above off balance sheet financial instruments. The related accounting policies for the off balance sheet financial instruments are as disclosed in the financial statements for the year ended 31 December 2006.

As at 31 December 2007, there is an unrecorded unrealised foreign exchange gain of RM1,008,703, should certain foreign currency receivables and payables be measured using the forward contract rates (hedged rate) instead of closing rates.

26. Changes in Material Litigation

There was no pending material litigation at the close of the report.

27. Dividend

- (a) The directors recommend a first and final tax exempt dividend of 9% (9 sen per share) in respect of the financial year ended 31 December 2007 (2006: first interim tax exempt dividend 3 sen per share & final tax exempt 6 sen per share). This proposed dividend is subject to the shareholders' approval in the forthcoming Annual General Meeting.
- (b) The total dividend per share to date for the current financial year is 9 sen tax exempt.

28. Earnings Per Share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	3 months period ended 31 December		Year ended 31 December	
	2007	2006	2007	2006
Profit attributable to ordinary equity holders of the Company (RM'000)	12,737	1,136	14,818	17,150
Weighted average number of ordinary shares in issue ('000)	119,097	118,884	119,097	118,884
Basic earnings per share (sen)	10.7	0.9	12.4	14.4

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of share options granted to employees.

	3 months period ended 31 December		Year ended 31 December	
	2007	2006	2007	2006
Profit attributable to ordinary equity holders of the Company (RM'000)	12,737	1,136	14,818	17,150
Weighted average number of ordinary shares in issue ('000)	119,097	118,884	119,097	118,884
Effects of dilution:				
Share options	146	1,650	146	1,650
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	119,243	120,534	119,243	120,534
Diluted earnings per share (sen)	10.7	0.9	12.4	14.2

29. Authorisation for Issue

On 26 February 2008, the Board of Directors authorised the issue of these interim financial statements.

By Order of the Board
Eng Teknologi Holdings Bhd (234669 M)

THUM SOOK FUN (MAICSA 7025619)
 Secretary
 26 February 2008