TSH RESOURCES BERHAD (49548-D)
(Incorporated in Malaysia)

EXPLANATORY NOTES FOR INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2007

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of preparation

The interim financial statements have been prepared under the historical cost convention, except for the revaluation of leasehold land and buildings included within prepaid land lease payments and 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 ("Bursa Malaysia").

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 year ended 31 December 2006.

2. Changes in accounting policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those of the audited financial statements for the year ended 31 December 2006 except for:-

a) the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for annual periods beginning on or after 1 October 2006:

- FRS 117 Leases
- FRS 124 Related Party Disclosures

b) early adoption of the FRS 112 Income Taxes which only becomes operative for financial statements covering periods beginning on or after 1 July 2007.

The adoption of FRS 124 does not result in significant changes in accounting policies of the Group. The principal change in accounting policy and its effects resulting from the adoption of the revised FRS 117 and FRS 112 are discussed below:

(i) FRS 117: Leases

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost/valuation less accumulated depreciation and impairment losses. The leasehold land was last revalued in 1993.

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating and finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and buildings elements of the lease at the inception of the lease. 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.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortized revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of the leasehold land as prepaid lease payments has been accounted for retrospectively and certain comparatives have been restated as disclosed in Note 3.

(ii) FRS 112: Income Taxes

As announced by Malaysian Accounting Standards Board (MASB) on 15 Jun 2007, FRS 112_{2004} has been revised to align with the International Financial Reporting Standards (IFRSs). Prior to the revision of FRS 112_{2004}, Investment Tax Allowances ("ITA") are treated as forming part of the tax base of the qualifying assets acquired. Deferred tax assets in respect of unutilised ITA are not recognised in the financial statements due to the carrying amount of the qualifying asset being less than its tax base on initial recognition. Following the revision in FRS 112_{2004}, entities with unutilised ITA will have to recognise deferred tax assets on such unutilised ITA to the extent that it is probable that future taxable profit will be available against which the unutilised ITA can be utilised. The financial impact of the early adoption of the FRS 112 by the Group has been accounted for retrospectively and certain comparatives have been restated as disclosed in Note 3.

(iii) Change In Accounting Policy For New Planting And Replanting Expenditure

Prior to 1 January 2007, all expenses include a portion of indirect overhead such as general administrative expenses and interest expenses incurred in land preparation, planting and developing of oil palm up to maturity are capitalised as biological assets until such time when the plantation attains maturity. The capitalised oil palm expenditure will be amortised over 25 years upon maturity.

Effective from 1 January 2007, new planting expenditure incurred on land clearing and upkeep of oil palm trees to maturity are capitalised under biological assets and is not amortised. Replanting expenditure which represents cost incurred in replanting old planted areas is charged to the income statements in the financial year in which the expenditure incurred. The board is on the view that this non-amortisation method of accounting for plantation expenditure is more reflective of the Group's plantation development activities. The financial impact of this change in accounting policy by the Group has been accounted for retrospectively and certain comparatives have been restated as disclosed in Note 3.

The financial impact to the Group arising from this change in accounting policy is as follows:

	Quarter ended 31.12.2007			
	FRS 112	**FRS 117**	**Change in accounting policy**	**Total**
	Note 2(ii)	Note 2(i)	Note 2(iii)	
	RM'000	**RM'000**	**RM'000**	**RM'000**
Increase / (Decrease) in Profit for the period	(332)	(38)	142	(228)

	Quarter ended 31.12.2006			
	FRS 112	**FRS 117**	**Change in accounting policy**	**Total**
	Note 2(ii)	Note 2(i)	Note 2(iii)	
	RM'000	**RM'000**	**RM'000**	**RM'000**
Increase / (Decrease) in Profit for the period	2,461	(38)	744	3,167

	Year Ended 31.12.2007			
	FRS 112	**FRS 117**	**Change in accounting policy**	**Total**
	Note 2(ii)	Note 2(i)	Note 2(iii)	
	RM'000	**RM'000**	**RM'000**	**RM'000**
Increase / (Decrease) in Profit for the period	3,156	(150)	2,561	5,567

	Year Ended 31.12.2006			
	FRS 112	**FRS 117**	**Change in accounting policy**	**Total**
	Note 2(ii)	Note 2(i)	Note 2(iii)	
	RM'000	**RM'000**	**RM'000**	**RM'000**
Increase / (Decrease) in Profit for the period	9,844	(150)	2,602	12,296

The effects on the consolidated balance sheet as at 31 December 2007 are disclosed below.

Effect on the consolidated balance sheets as at 31 December 2007

The following table provides estimates of the extent to which each of the line items in the balance sheets for the quarter ended 31 December 2007 is higher or lower than it would have been had the previous policy been applied in the current quarter.

	Increase/(Decrease)			
	FRS 112	**FRS 117**	**Change in accounting policy**	**Total**
	Note 2(ii)	Note 2(i)	Note 2(iii)	
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	-	(141,555)	-	(141,555)
Prepaid land lease payments	-	143,332	(886)	142,446
Investment in jointly controlled entities	13,000	-	-	13,000
Intangible assets	-	-	(248)	(248)
Biological assets	-	-	19,219	19,219
Deferred Tax Liabilities	-	-	4,166	4,166
Retained profits	13,000	(1,156)	12,798	24,642
Minority Interest	-	(621)	1,121	500

3. Comparatives

The following comparative amounts have been restated due to the adoption of new and revised FRSs:

		Adjustments: Increase / (Decrease)			
	As previously stated RM'000	**FRS 112** (Note 2(ii)) **RM'000**	**FRS 117** (Note 2(i)) **RM'000**	**Change in accounting policy RM'000**	**As restated RM'000**
As at 31 December 2006					
Property, plant and equipment	402,997	-	(106,726)	-	296,271
Prepaid lease payments	-	-	105,099	(954)	104,145
Investments in jointly controlled entities	21,172	9,844	-	-	31,016
Intangible assets	23,613	-	-	(248)	23,365
Biological assets	120,573	-	-	16,139	136,712
Deferred Tax Liabilities	52,773			3,579	56,352
Retained profits	230,477	9,844	(1,057)	10,401	249,665
Minority Interest	70,927	-	(570)	957	71,314

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. Unusual items due to their nature, size of incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the period ended 31 December 2007 except as disclosed in Note 2.

6. Changes in estimates

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

7. Comments on seasonal or cyclical factors

The effects of seasonal or cyclical fluctuations, if any, are explained under Paragraphs 1 and 2 of Part B i.e. Explanatory Notes Pursuant To Appendix 9B of the Listing Requirements of Bursa Malaysia below.

8. Dividends paid

Dividends paid on 28 August 2007 were declared on 28 May 2007, in respect of the financial year ended 31 December 2006 being first and final tax exempt dividends of 5.0 cents on 412,440,863 ordinary shares of RM0.50 each, amounting to RM20.6 million.

9. Segmental information

i) Business segments

	Year ended 31 December 2007				
	Palm & Bio-Integration	Wood product manufacturing & trading & forestation	Cocoa manufacturing & trading	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External sales	573,406	166,019	134,832		
Inter-segment sales					
Total segment revenue	573,406	166,019	134,832		874,257
RESULT					
Segment results	87,530	20,960	17,053		125,543
Unallocated corporate expenses					(9,504)
Operating profit					116,039
Interest expenses					(11,403)
Interest income					1,863
Share of pre-tax profits of jointly controlled entities					14,734
Income taxes					(13,407)
Share of Income taxes of jointly controlled entities					(708)
Profit from ordinary activities					107,116
Gain on disposal of shares in subsidiary					-
Minority interest					(14,816)
Net profit for the period					92,301
OTHER INFORMATION					
Segment assets	602,067	279,818	209,164		1,091,049
Investment in jointly controlled entities					45,043
Unallocated corporate assets					38,613
Consolidated total assets					1,174,705
Segment liabilities	236,246	91,003	55,196		382,445
Unallocated corporate liabilities					75,703
Consolidated total liabilities					458,148
Other segment information					
Capital expenditure	78,104	29,943	4,776	3,713	116,536
Depreciation	14,429	5,290	1,806	792	22,317
Amortisation	3,583	232			3,815

ii) Geographical segments

	Sales revenue to external customers RM'000	Carrying amount of segment assets RM'000	Additions to property, plant, equipment and intangible assets RM'000
Malaysia	756,080	1,001,100	101,543
Europe	43,503	37,664	46
United States of America	12,817	9,018	1
Indonesia	61,857	126,923	14,946
	874,257	1,174,705	116,536

10. Carrying amount of revalued assets

Valuations of land, buildings and plantations of the Group have been brought forward without amendment from the financial statements for the year ended 31 December 2006. The land, buildings and plantations of the Group were valued by the Directors in 1993 and 1998 based on professional appraisals by independent valuers using open market values on an existing use basis.

11. Debt and equity securities

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

Treasury shares

No share was bought back from the open market during the quarter ended 31 December 2007. The cumulative shares bought back are held as treasury shares.

The number of treasury shares held as at 31 December 2007 is as follows:

	No. of shares	Amount (RM)
Balance as at 30 September 2007	127,400	165,534
Add : Purchase of treasury shares	-	-
	127,400	165,534
Less : Treasury shares resold	-	-
Balance as at 31 December 2007	127,400	165,534

The number of issued and fully paid-up ordinary shares of the Company increased from 412,568,263 to 412,837,263 during the quarter ended 31 December 2007 and the details of the share movements are as follows:

Particulars	Par value (RM)	No. of shares	Cumulative number of shares
Balance as at 30 September 2007	0.50	-	412,568,263
Exercise of ESOS[1]	0.50	269,000	412,837,263

[1] Exercise price of ESOS is at RM1.24, RM1.35, RM1.49 and RM1.56.

12. Changes in composition of the Group

There were no changes in the composition of the Group during the quarter ended 31 December 2007.

13. Discontinued operation

There was no discontinued operation during the quarter ended 31 December 2007.

14. Capital commitments

	31 Dec 2007 RM'000	31 Dec 2006 RM'000
Commitments in respect of capital expenditure:		
Approved and contracted for	126,500	1,621
Approved but not contracted for	14,465	13,735
	140,965	15,356

15. Changes in contingent liabilities or contingent assets

There was no change in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2006.

16. Subsequent events

There were no material events subsequent to the end of the current quarter.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

1. Performance review

The Group registered total revenue of RM874.2 million for the year ended 31 December 2007 representing an improvement of 40.0% over the preceding financial year's revenue of RM624.6 million. The Group's profit before taxation of RM121.2 million exceeded the preceding financial year's profit before taxation of RM67.3 million (restated), representing an increase of 80.0%

Palm bio-integration segment contributed a higher revenue of RM176.7 million for the quarter under review as compared to the preceding year's corresponding quarter of RM98.0 million. Segmental result for the quarter under review increased to RM28.5 million from RM19.6 million (restated) during the preceding year's corresponding quarter. The improvement in revenue was mainly attributed to higher crude palm oil price, contributions from the Indonesian subsidiaries and contributions from TSH Wilmar Sdn. Bhd. – the joint venture palm oil refinery.

Wood products segment registered a lower revenue of RM41.1 million for the quarter under review as compared to the preceding year's corresponding quarter of RM45.9 million. However, the segmental result for the quarter was broadly in line with the preceding year's corresponding quarter, at RM4.7 million. The drop in revenue was mainly attributed to the lower sales volume despite higher average selling price per sq metre. Lower sales volume was mainly due to lower production output resulting from unforeseen complications in production line expansion.

Revenue of cocoa manufacturing business increased to RM38.0 million for the quarter under review compared to RM21.0 million in the preceding year's corresponding quarter due to improved throughput and cocoa butter ratio. The improvement in result for the quarter under review was in line with the improvement in throughput and cocoa butter ratio.

2. Material changes in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter.

The Group posted a higher revenue of RM256.0 million for the quarter under review as compared to RM238.4 million in the immediate preceding quarter and it was mainly attributed to the higher sales volume and selling price of crude palm oil.

Revenue and profit contribution from palm bio-integration segment at RM176.7 million and RM28.5 million respectively are broadly in-line with the immediate preceding quarter.

Lower sales volume achieved by wood products segment for the quarter under review was mainly attributed to lower production output which resulting from unforeseen complications and delay in the production line expansion. The result of wood product segment has decreased from RM5.5 million in the immediate preceding quarter to RM4.7 million for the quarter under review following lower sales volume and average selling price.

Higher throughput and cocoa butter ratio in cocoa manufacturing segment has led to an increase in revenue from RM35.0 million in the immediate preceding quarter to RM38.1 million for the current quarter under review. Segment profit increased to RM7.3 million during the quarter under review as compared to RM3.3 million for the immediate preceding quarter due to higher throughput and cocoa butter ratio.

3. Commentary on the prospects

The Directors are optimistic of achieving significantly improved profits for the year 2008 in the light of current high palm product prices, continuing improvement in biomass power plant's operation and as FFB production from the Group's Indonesian plantation increases.

With the completion of the capacity expansion at Ekowood and having resolved much of the initial teething problems, the Board is optimistic that production efficiency will improve. This will enable Ekowood to capture a bigger share of a growing global market for engineered solid hardwood floor.

The Directors also view the prospects of the joint-venture with Wilmar International Ltd. as good, on the back of a favourable performance for the year 2007 and current favourable market conditions.

4. Explanatory notes for any variance of actual profit from forecast profit and shortfall in the profit guarantee *(only applicable to the final quarter)*

Not applicable.

5. Income Tax Expense

	31 Dec 2007 RM'000	31 Dec 2006 RM'000 restated
Current tax:		
Malaysian income tax	7,796	8,583
Foreign tax	3,934	577
Under/(over) provided in prior years:		
Malaysian income tax	-	(407)
Foreign tax	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	2,463	(4,814)
Over provision in prior years	(786)	(27)
Share of taxation of jointly controlled entities	708	(9,844)
	14,115	(5,932)

6. Sale of unquoted investments and/or properties

There were no sales of unquoted investments and/or other properties during the financial quarter under review.

7. Quoted securities

There were no purchases or disposals of quoted securities during the financial quarter under review.

8. Corporate Proposals

a) Status of corporate proposals

As at the date of this report, there was no other corporate proposal announced but not completed as at the date of this report except for the following:-

As announced, TSH Resources Berhad ("TSH") had on 19 June 2007 agreed-in-principle to acquire 10,000 ordinary shares of SGD1.00 each, representing 100% of the entire issued and paid-up capital in Elaeis Oversea Pte. Ltd ("Elaeis") for a total purchase consideration of USD4,725,000 less liabilities to be assumed (approximately RM16,205,474 using an exchange rate of USD1.00 for RM3.42973) from Sharecorp Limited ("Proposed Acquisition"). Elaeis is a private limited company incorporated in the Republic of Singapore which holds 90% equity shareholding in PT Farinda Bersaudara. PT Farinda owns approximately 15,000 hectares of land with ijin lokasi status located in Kabupaten Kutai Barat, Propinsi Kalimantan Timur. The company had completed the environmental study and has obtained the necessary licence to develop the land into oil palm plantation. In addition, the vendor undertakes to convert the land to "Hak Guna Usaha" ("HGU") at their own expense.

The Proposed Acquisition is subject to, inter alia, mutually acceptable share sale agreement to be signed, satisfactory outcome of legal and financial due diligence and the approval of Bank Negara Malaysia for payment and remittance of the purchase consideration.

The Proposed Acquisition will not have any effect on the share capital and shareholding structure of TSH.

Further to the above announcement dated 21 September 2007, TSH Resources Bhd had on 26 December 2007 announced that the vendor, Sharecorp Limited has agreed to extend the completion time of the Proposed acquisition to March 2008 pending completion of legal and financial due diligence.

b) Status of utilisation of proceeds

Not applicable

9. Group Borrowings and Debt Securities

	As at 31.12.2007 RM'000	As at 31.12.2006 RM'000
Total Group borrowings		
- secured	61,000	102,738
- unsecured	200,019	83,390
Short term borrowings		
- secured	46,000	73,619
- unsecured	92,133	69,437
Long term borrowings		
- secured	15,000	29,119
- unsecured	107,886	13,953

Included in long and short term borrowings are RM61.0 million Al-Murabahah Medium Term Notes/Commercial Papers at a nominal value of RM1.0 million each, with a carrying value of RM61.0 million.

All borrowings are denominated in Ringgit Malaysia, except for the following loans in the books of the subsidiaries as follows:

Subsidiaries	**USD'000**	**RM'000 Equivalent**
PT Andalas Agro Industri	2,487	8,223
PT Sarana Prima Multi Niaga	12,611	41,616
Jatoba International Pte Ltd	13,000	42,900
Total	**29,320**	**92,739**

10. Off balance sheet financial instruments

The Group had entered into the following foreign currency derivatives maturing within 1 year to hedge trade receivables.

	Notional amount as at	
	31.12.2007 RM'000	**31.12.2006 RM'000**
Forward foreign exchange contracts	4,943	14,075
Ratio forward agreements	1,627	1,098
	6,570	15,173

11. Changes in material litigation

Save as disclosed below, neither the Company nor any of its subsidiaries is engaged in any material litigation either as plaintiff or defendant as at the date of this report and the Directors do not have any knowledge of any proceeding pending or threatened against the Company or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position of the Company and its subsidiaries:

(a) Ekowood International Berhad ("Ekowood") had on 19 September 1997 filed a suit via Suit No. 22-118-1997 in Ipoh High Court against Gopeng Land & Properties Sdn. Bhd. ("Gopeng"), Villa Technobuild Sdn. Bhd. ("Villa") and Chuah Cheng Hoe ("CCH") (practising as CH Chuah Associates) for loss and damages arising from the breach of contract and/or negligence on the part of the defendants as follows:

(i) breach of contract and/or negligence by Gopeng in carrying out the infilling works on a piece of land in the Gopeng Industrial Park in accordance with a Sale and Purchase Agreement dated 18 January 1995 between Ekowood and Gopeng resulting in severe damage to the factory buildings and associated external works ("Works") located within and/or nearby the aforesaid land;

(ii) breach of contract by Villa of the construction contract dated 15 March 1995 in failing to construct the Works in a good or workmanlike manner or with good or proper materials and therefore the Works are not fit for its purpose and cannot be properly used as a wood product factory; and

(iii) breach by CCH of his contract of employment with Ekowood as consultant engineer and/or negligence in failing to exercise due professional skill and care in the performance of his services resulting in the Works containing serious and substantial defects which prevent the Works from being properly and efficiently used as a wood product factory.

In the abovementioned suit, Ekowood claimed against Gopeng and Villa, inter alia, for damages of RM45,160,104.10 and general damages for loss of goodwill to be assessed by the Court and against CCH, inter alia, for the sum of RM16,284,873 being the amount paid to Villa under the construction contract, or alternatively, for damages to the sum of RM45,160,369 and general damages for loss of goodwill to be assessed by the Court.

The suit has settled out-of-court mentioned in paragraph (b) below as the 2 suits are inter-related.

(b) Gopeng had on 8 November 2001 filed a suit against Ekowood via Suit No. 22-219-01 in Ipoh High Court in relation to the abovementioned Sale and Purchase Agreement dated 18 January 1995 made between Gopeng and Ekowood whereby Gopeng has agreed to sell and Ekowood has agreed to purchase the land in Gopeng Industrial Park.

In the abovementioned suit, Gopeng claimed against Ekowood inter alia for specific performance of the Sale and Purchase Agreement in that Ekowood be ordered to pay to Gopeng the sum of RM3,434,457, interests thereon from 1 July 1997 or such other date deemed appropriate, or alternatively for vacant possession of the aforesaid land and damages pursuant to the Sale and Purchase Agreement, and general damages for breach of contract, and costs.

Payment of the principal sum has been provided for in the accounts of Ekowood.

Ekowood has filed its defence and counter-claim to the above suit. Ekowood counter-claimed against Gopeng for general damages, for special damages of RM45,160,104 being the cost of inter alia rectification of works damaged by the subsidence of the land and loss of profits, and also claimed for interest from date of judgment and costs. Gopeng has thereafter filed its reply and defence to the counter-claim.

Ekowood has accepted the settlement terms proposed by Gopeng and Villa. Under the proposed settlement, Ekowood shall pay RM2,575,842.78 and RM84,865.80 to Gopeng, being 75% of the balance of the purchase price and refund of quit rent respectively. Ekowood shall also pay RM680,000 to Villa as full and final settlement for their counter claim of RM1.7 million for the construction works.

The Company has made an announcement to Bursa Malaysia on 08 January 2008 that an approval from the state authority has been given on 7 December 2007 for the transfer of 19 pieces of land located at Mukim Sungai Raya & Mukim Teja, Daerah Kinta, Negeri Perak ("Land") to Ekowood. A total sum of RM2,660,690.58 has been paid to Messrs Wan & Wan, being the solicitors and stakeholder for Gopeng Land & Properties Sdn Bhd pending completion of registration of transfer of the Land to Ekowood whilst RM680,000 will be paid to Villa Technobuild Sdn Bhd in accordance with the terms of the consent judgment. Villa Technobuild Sdn Bhd shall withdraw its counter-claim against Ekowood.

The Suit was withdrawn on 7 January 2008 in conjunction with the filing of consent judgment by the Company's solicitors at the Ipoh High Court on even date.

The Board of Directors is of the opinion that the aforesaid out of court settlement reflects a fair, reasonable and final conclusion to the matter as the suits have been on-going for a period of 10 years.

12. Proposed Dividend

A final dividend of 6.5 sen per share will be proposed for shareholders’ approval at the forthcoming Annual General Meeting to be convened at a date to be determined by the Board of Directors.

13. Earnings per share

(a) Basic earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary shareholders of TSH Resources Bhd by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	Quarter ended 31 Dec		YTD ended 31 Dec	
	2007	**2006**	**2007**	**2006**
Net profit for the period/quarter (RM'000)	26,215	22,032	92,301	63,722
Weighted average number of ordinary shares in issue ('000)	393,884	367,113	393,884	367,113
Basic earnings per ordinary share (sen)	6.66	6.00	23.43	17.35

Diluted earnings per share

	Quarter ended 31 Dec		YTD ended 31 Dec	
	2007	**2006**	**2007**	**2006**
Net profit for the period/quarter (RM'000)	26,215	22,032	92,301	63,722
Weighted average number of ordinary shares in issue ('000)	395,826	371,055	395,826	371,055
Diluted earnings per ordinary share (sen)	6.62	5.94	23.32	17.16

For the purpose of calculating diluted earnings per share, the net profit for the period and the weighted average number of ordinary shares in issue during the financial period under review have been adjusted for all the unissued shares under options granted pursuant to the Employee Share Options Scheme of 6,789,000 shares.

The share options was calculated based on the number of shares which would have been acquired at the market price (average annual share price of the Company's share) based on the monetary value of the subscription rights attached to the outstanding share options. No adjustment is made to the net profit attributable to the shareholders for the share options calculation.

(b) Weighted average number of ordinary shares (diluted) is as follows:

Weight average no. of ordinary shares ('000)	393,884
Effect of ESOS ('000)	1,942
Weighted average number of ordinary shares (diluted) ('000)	395,826

14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 February 2008.