

MOL.COM BERHAD

(Company No. 90314-P)

Date : 13 February 2007

Subject : **UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED
31 DECEMBER 2006**

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MOL.COM BERHAD

(Company No. 90314-P)

CONDENSED CONSOLIDATED BALANCE SHEET - 31 DECEMBER 2006

	AS AT END OF CURRENT QUARTER 31-Dec-06 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR END 30-Jun-06 RM'000 (Audited)
Non Current Assets		
Property, plant and equipment	11,538	22,080
Investment in Associated Companies	18,095	13,308
Other Investments	634	634
Deferred Tax Assets	126	126
Intangibles Assets	1,876	827
	<u>32,269</u>	<u>36,975</u>
Current Assets		
Inventories	5,487	6,914
Trade Receivables	15,568	16,277
Other Receivables and Prepayments	20,803	9,257
Cash and Bank Balances	6,139	2,296
	<u>47,997</u>	<u>34,744</u>
TOTAL ASSETS	<u>80,266</u>	<u>71,719</u>
Equity		
Share Capital	225,757	225,757
Reserve	(213,896)	(224,143)
Equity attributable to equity holders of the parent	11,861	1,614
Minority Interests	137	125
Total equity	<u>11,998</u>	<u>1,739</u>
Non Current Liabilities		
Hire Purchase and Lease Creditors	162	202
Term loans	12,939	13,660
Deferred Tax Liabilities	445	445
Reserve on consolidation (net)	-	6,221
Advances from a substantial shareholder	10,406	8,406
	<u>23,952</u>	<u>28,934</u>
Current Liabilities		
Short Term borrowings	16,797	15,455
Trade Payables	4,838	6,142
Other Payables and Accruals	22,669	19,437
Taxation	12	12
	<u>44,316</u>	<u>41,046</u>
TOTAL EQUITY AND LIABILITIES	<u>80,266</u>	<u>71,719</u>
Net Assets per share attributable to ordinary equity holders of the parent (sen)	5.25	0.71

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Audited Financial Report as at 30 June 2006.

MOL.COM BERHAD

(Company No. 90314-P)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2006**

(The figures have not been audited)

	QUARTER ENDED		PERIOD ENDED		
	31/12/2006	31/12/2005	31/12/2006	31/12/2005	
	RM'000	RM'000	RM'000	RM'000	
1 (a) Revenue	11,875	9,120	24,888	19,246	
(b) Operating Expenses, net	(12,389)	(10,481)	(26,167)	(21,453)	
(c) Loss from Operations	(514)	(1,361)	(1,279)	(2,207)	
(d) Results arising from investing activities	4,184	-	4,184	324	
(e) Finance Cost	(550)	(564)	(1,157)	(1,300)	
(f) Share of Profit of Associated companies	845	76	686	430	
(g) Profit/(Loss) before taxation	3,965	(1,849)	2,434	(2,753)	
(h) Income Tax					
-Company & Subsidiary	-	(25)	-	(26)	
-Associates	88	(29)	(1)	(124)	
	88	(54)	(1)	(150)	
(i) Profit/(Loss) after taxation	4,053	(1,903)	2,433	(2,903)	
Attributable to:					
-Equity holders of the parent	4,045	(1,900)	2,421	(2,900)	
-Minority Interest	8	(3)	12	(3)	
Net Profit/(Loss) for the period	4,053	(1,903)	2,433	(2,903)	
2 (a) Profit/(Loss) per share based on 1 (i) above					
(i) Basic	-Sen	1.80	(0.84)	1.08	(1.29)
(ii) Diluted	-Sen	1.80	(0.84)	1.08	(1.29)
Weighted Average No of Ordinary shares ['000]		225,757	225,757	225,757	225,757

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Report as at 30 June 2006.

MOL.COM BERHAD

(Company No. 90314-P)

**Condensed Consolidated Statement of Changes in Equity
for the period ended 31 December 2006**

(The figures have not been audited)

	Share capital RM'000	Non Distributable Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Period ended 31 December 2006						
At 1 July 2006	225,757	44,667	(268,810)	1,614	125	1,739
Effect of adoption FRS3	-	-	7,772	7,772	-	7,772
	<u>225,757</u>	<u>44,667</u>	<u>(261,038)</u>	<u>9,386</u>	<u>125</u>	<u>9,511</u>
Net profit for the period	-	-	2,421	2,421	12	2,433
Currency translation differences	-	54	-	54	-	54
At 31 December 2006	<u>225,757</u>	<u>44,721</u>	<u>(258,617)</u>	<u>11,861</u>	<u>137</u>	<u>11,998</u>
Period ended 31 December 2005						
At 1 July 2005	225,757	49,902	(253,398)	22,261	124	22,385
Net loss for the period	-	-	(2,906)	(2,906)	3	(2,903)
Currency translation differences	-	8	-	8	-	8
At 31 December 2005	<u>225,757</u>	<u>49,910</u>	<u>(256,304)</u>	<u>19,363</u>	<u>127</u>	<u>19,490</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Report as at 30 June 2006.

MOL.COM BERHAD

(Company No. 90314-P)

Condensed Consolidated Cashflow Statement for the period ended 31 December 2006

(The figures have not been audited)

	Period Ended	
	31-Dec-06 RM'000	31-Dec-05 RM'000
Net Profit/(Loss) before tax	2,434	(2,753)
Adjustment for non-cash flows:-		
Non-cash items	(4,958)	113
Non-operating items	471	871
Operating loss before changes in working capital	<u>(2,053)</u>	<u>(1,769)</u>
Changes in working capital		
Net changes in current assets	3,267	1,820
Net changes in current liabilities	1,011	(1,657)
Net cashflows from / (used in) operating activities	<u>2,225</u>	<u>(1,606)</u>
Investing Activities		
Equity Investments	-	(51)
Other Investments	2,194	(712)
Net cash from/(used in) investing activities	<u>2,194</u>	<u>(763)</u>
Financing Activities		
Bank borrowings	(641)	1,830
Net cash (used in)/from financing activities	<u>(641)</u>	<u>1,830</u>
Net change in cash & cash equivalents	3,778	(539)
Cash & Cash equivalent at beginning of year	1,174	371
Cash & Cash equivalent at end of the period	<u>4,952</u>	<u>(168)</u>
Cash & Cash Equivalents comprise of:-		
Cash in hand and at bank	5,777	697
Deposits with licensed banks	362	21
Bank overdrafts	(1,187)	(886)
	<u>4,952</u>	<u>(168)</u>

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Annual Audited Financial Report as at 30 June 2006.

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1) BASIS OF ACCOUNTING

The interim financial report has been prepared in accordance with Financial Reporting Standard (FRS) 134 "Interim Financial Reporting" and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the Annual Audited Financial Report for the year ended 30 June 2006.

The same accounting policies and methods of computation used in the preparation of the Group's Annual Audited Financial Report for the financial year ended 30 June 2006 have been applied in the preparation of the Interim Financial Report for the current quarter and financial year to date except for changes arising from the adoption of new/revised FRSs which came into force for the financial year beginning on or after 1 January 2006.

The principal effect of the changes in accounting policies resulting from the adoption of the new/revised FRSs are summarised as follows:

(a) FRS 3 : Business Combination

On adoption of FRS 3, after reassessment, any excess of the Group's interest in the fair value of acquired identifiable assets, liabilities and contingent liabilities over the cost of acquisition (previously referred to as "negative goodwill"), should be recognised immediately in the consolidated income statements. Previously, negative goodwill was classified as intangibles. The revision was accounted for as a prospective adjustment to the opening balance of retained earnings as disclosed in the consolidated statement of changes in equity.

(b) FRS 101 : Presentation of Financial Statements

The adoption of FRS 101 has no financial impact on the Group but affected the presentation of minority interests and certain disclosures. Minority interests is now presented within total equity in the Consolidated Balance Sheet and as an allocation from net profit for the period in the Consolidated Income Statement. The movement of minority interests is now presented in the Consolidated Statement of Changes in Equity.

A2) ANNUAL AUDITED STATEMENT

There was no qualification to the Annual Audited Financial Report as at 30 June 2006. However, the auditors drew the attention on the ability of the Group and of the Company to continue as a going concern in view of the current liabilities exceeding its current assets by RM6.3 million. The ability of the Group and of the Company to continue as a going concern is dependent upon the successful outcome of the proposed disposal of a property and the Group's plan to regularise its financial condition, continuing financial support from a significant shareholder and financial institutions as well as achieving successful future operations.

A3) SEASONAL OR CYCLICAL FACTORS

The Group's businesses are generally dependent on the economic conditions, in particular the Electrical Products division which is involved in trading of a range of electrical equipment and apparatus where the demand for these products is dependent on the manufacturing and construction industries.

A4) UNUSUAL ITEM

There is no unusual item during the quarter under review.

A5) CHANGES TO PRECEDING PERIOD

There has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operation of the Company and the Group in the current interim quarter.

A6) DETAILS OF ISSUANCE OR REPAYMENT OF DEBTS AND EQUITY

There were no other issuance and repayment of debts and equity securities, share buy-backs, share cancellations or shares held as treasury shares and resale of treasury shares for the current quarter and current financial year to date under review.

A7) DIVIDEND PAID

There were no payment of dividends for the current quarter under review.

A8) SEGMENTAL INFORMATION

Analysis of the Group's results by activity for the current financial year to date is as follows:-

	QUARTER ENDED		PERIOD ENDED	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Electrical products	5,019	5,997	11,236	12,976
Informations technology and internet related business ("ICT")	6,875	3,080	13,681	6,316
Investment and others	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue including inter-segment sales	11,894	9,077	24,917	19,292
Elimination	(19)	43	(29)	(46)
Total revenue	<hr/>	<hr/>	<hr/>	<hr/>
	11,875	9,120	24,888	19,246
Segment Results				
Results from continuing operations				
Electrical products	(496)	(770)	(1,212)	(1,167)
Informations technology and internet related business ("ICT")	549	337	896	344
Investment and others	3,384	(436)	2,988	(894)
	<hr/>	<hr/>	<hr/>	<hr/>
Total results including inter-segment sales	3,437	(869)	2,672	(1,717)
Elimination	233	(492)	233	(166)
	<hr/>	<hr/>	<hr/>	<hr/>
	3,670	(1,361)	2,905	(1,883)
Finance Costs	(550)	(564)	(1,157)	(1,300)
Share of results of associates	845	76	686	430
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(Loss) before taxation	3,965	(1,849)	2,434	(2,753)
Taxation	88	(54)	(1)	(150)
Profit/(Loss) after taxation	<hr/>	<hr/>	<hr/>	<hr/>
	4,053	(1,903)	2,433	(2,903)

A9) VALUATION OF PROPERTY, PLANT & EQUIPMENT

There were no changes as to the valuation of property, plant and equipment brought forward from the last financial year.

A10) SUBSEQUENT MATERIAL EVENT

In the opinion of the Directors, there has not arisen in the period between the end of this quarter and the date of this announcement, any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operation of the Company and the Group for the current quarter ended 31 December 2006 in respect of which this announcement is made.

A11) CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the group structure during the period under review.

A12) CONTINGENT LIABILITIES

There were no changes as to the Contingent Liabilities during the current quarter and current financial year to date.

A13) CAPITAL COMMITMENT

There were no changes as to the Capital Commitment during the current quarter and current financial year to date, except for cancellation of the balance of commitment to Forum Digital Sdn Bhd of RM1.03 million.

B . ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1) REVIEW OF PERFORMANCE

The Group registered a pre-tax profit of RM3.97 million on a turnover of RM11.88 million for the quarter under review as compared to a pre-tax loss of RM1.85 million on a turnover of RM9.12 million in the preceding year corresponding quarter. The profit for the current quarter was mainly attributable to the write back of provision on diminution in value of investment amounting to RM4.10 million, better performance by ICT Division and higher contributions from associated companies.

For the six (6) months ended 31 December 2006, the Group registered a pre-tax profit of RM2.43 million on a turnover of RM24.89 million for the period under review as compared to a pre-tax loss of RM2.75 million on a turnover of RM19.25 million in the same period last year. The improved performance was mainly attributable to the write back of provision on diminution of investment of RM4.10 million, increase in turnover from ICT Division and increase in contributions from associated companies.

B2) COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded a pre-tax profit of RM3.97 million on a turnover of RM11.88 million compared to a pre-tax loss of RM1.53 million on a turnover of RM13.01 million in the preceding quarter. The improved performance was mainly attributable to the write back of provision on diminution of investment amounting to RM4.10 million, increase in contributions from ICT Division and associated companies.

B3) CURRENT FINANCIAL YEAR PROSPECTS

The Board is optimistic that the Group will be placed on a better financial position upon the completion of the comprehensive restructuring plan as detailed in Section B8 (iii) below.

B4) VARIANCE OF FORECAST

This is not applicable to the Group.

B5) TAXATION

	Current Quarter RM'000	Cummulative Current Year RM'000
Income tax		
-Current Year	-	-
-Associated Company	88	(1)
	<u>88</u>	<u>(1)</u>

Due to absence of Group tax relief and despite the Group being in tax loss position, the provision for taxation has been made based on profit of certain subsidiary companies.

B6) SALE OF UNQUOTED INVESTMENT AND PROPERTIES

There has not been any sale of shares and property for current financial year to date.

B7) QUOTED SECURITIES

- a) There was no purchase or disposal of quoted securities in Malaysia as at 31 December 2006.
- b) The Group 39.26% associated company, MOL AccessPortal Berhad, is listed on the MESDAQ Market of Bursa Securities.

	At the end of current quarter
	RM
(i) At cost	<u>1.00</u>
(ii) At market value	<u>9,459,450</u>

B8) STATUS OF CORPORATE PROPOSALS

- i) On 14 November 2006, the Company announced that it has entered into a Memorandum of Understanding ("MOU") with TAMCO Corporate Holdings Berhad ("TAMCO") to establish a formal relationship to jointly undertake a proposed new business plan for the conduct of the Company's Industrial Products Business via a proposed 49% equity participation by TAMCO in Lim Kim Hai Electric (Malaysia) Sdn Bhd and its group of companies. Both parties have decided not to proceed with the proposal upon expiry of the MOU on 13 January 2007.
- ii) On 2 October 2006 in relation to the Sale and Purchase Agreement entered into between LKH Wires & Cables Sdn Bhd, a wholly owned subsidiary of MOL and Halex Woolton (M) Sdn Bhd for the disposal of a piece of freehold industrial land held under Geran Mukim 826, Lot 142 Mukim of Plentong, District of Johor Bharu, Johor measuring approximately 11.28 acres together with building erected thereon ("Plentong Property") for a cash consideration of RM10.111 million ("Plentong Property Disposal"). The Plentong Property is presently charged to a financial institution ("Chargor") as part of the collateral of securities pledged for a term loan. The Securities Commission ("SC") has approved the Plentong Property Disposal and is currently pending completion.
- iii) On 8 May 2006, the Company announced that it is an Affected Listed Issuer as defined in Practice Note (PN) 17/2005 of the Listing Requirement. The Company is required to submit a Regularisation Plan for approval by the relevant authority within 8 months from the aforesaid 1st Announcement. On 23 November 2006, the Company announced the comprehensive restructuring plan; as follows:-
 - a) Proposed cancellation of the entire share premium of the Company of approximately RM42.23 million as at 30 June 2006, and proposed reduction of the existing issued and paid-up capital of the Company involving the cancellation of RM0.70 of the par value of each of the 225,756,900 ordinary shares of RM1.00 each ("shares") in issue, pursuant to Section 60 and 64 of the Companies Act, 1965 ("Proposed Capital Reduction");
 - b) Proposed consolidation of every ten (10) ordinary shares of RM0.30 each into three (3) new ordinary shares of RM1.00 each in MOL ("MOL Shares") subsequent to the Proposed Capital Reduction ("Proposed Share Consolidation"); and
 - c) Proposed renounceable rights issue of up to RM27,090,828 nominal value of irredeemable convertible unsecured loan stocks ("ICULS") at 100% of the nominal value of RM0.50 each, on the basis of RM2.00 nominal value of ICULS for every five (5) MOL Shares held after the completion of the Proposed Capital Reduction and the Proposed Share Consolidation ("Proposed Rights Issue").

(hereinafter collectively referred to as "Proposals")

On 21 December 2006, the Company announced that it has obtained an extension of time till 6 February 2007 to submit the relevant application on the Proposals. The Company has on 6 February 2007 submitted the said application on the Proposals to the Securities Commission ("SC") and is currently pending approval.

B9) GROUP BORROWINGS FROM FINANCIAL INSTITUTIONS

Group borrowings as at 31 December 2006 are as follows:-

	Short term borrowings RM'000	Long term borrowings RM'000	HP creditors RM'000	Total borrowings RM'000
Secured	15,012	12,870	240	28,122
Unsecured	1,707	69	-	1,776
Total	<u>16,719</u>	<u>12,939</u>	<u>240</u>	<u>29,898</u>

B10) FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

There were no financial instruments with off Balance Sheet risk as at the date of this announcement.

B11) MATERIAL LITIGATION

Save as disclosed below, the MOL Group is not 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 MOL Group or of any facts likely to give rise to any proceedings which might materially affect the position or business of the MOL Group.

- a) Pursuant to a Share Sale Agreement and a Promissory Note both dated 28 March 2002, Steel Circle Industries Sdn Bhd ("SCI") (formerly known as Dijaya Metal Industries Sdn Bhd) has agreed to pay MOL a sum of RM1,206,936.00 in twelve (12) monthly installments of RM100,578.00 each month commencing 28 April 2002. SCI has failed to make any payment to MOL since the second installment which was due on 28 May 2002, despite many timely reminders from MOL and as such, is in breach of the provisions of the said Share Sale Agreement and the Promissory Note. MOL is currently claiming the entire outstanding balance sum of RM1,005,780.00 from SCI pursuant to Clause 12.1 (a)(11) of the Share Sale Agreement. In a separate Guarantee and Indemnity Agreement dated 28 March 2002 entered into between Tan Poh Chuan (i.e. the Guarantor) and MOL (i.e. the Guarantee), the Guarantor has unconditionally and irrevocably guaranteed to pay MOL all indebtedness due from SCI to MOL pursuant to the aforesaid Share Sale Agreement and the Promissory Note. The matter is now fixed for further case management on 13 February 2007.
- b) The Company has on 29 January 2004 received a Writ and Statement of Claim filed by T-Cert, Inc ("Plaintiff") under the High Court of Kuala Lumpur with Civil Suit No. S6-22-2006-2003. The amount claimed is USD1.0 million (equivalent to RM3.8 million) with interest on the USD1.0 million pursuant to Section 11 of the Civil Law Act 1956 and general damages for breach of agreement/promissory note ("the Suit"). The circumstances leading to the filing the Suit was purportedly premised on a Secured Promissory Note dated 15 September 2000 given by the Company to the Plaintiff pursuant to the Stock Subscription Agreement and Investment Letter dated 15 September 2000 in relation to the proposed subscription by MOL for 80,000 ordinary shares in Plaintiff for a total consideration of USD1.5 million ("Proposed Subscription"). Details of the Proposed Subscription was announced to the Bursa Securities on 20 September 2000. MOL has invested USD700,000 in the Plaintiff. MOL has instructed its solicitors to file its defence and apply to strike out the Suit. MOL also intends to pursue a counter-claim against the Plaintiff for the return of the USD700,000 invested in them. As at to-date, the Court has directed both parties to file written submissions and has fixed for further hearing on 16 January 2006. The matter is now fixed for hearing on 5 March 2007.
- c) Prosperitet Sarajevo (M) Sdn Bhd ("Sarajevo") has on 6 February 2003 filed a writ of summons against the Company under the Kuala Lumpur High Court Suit No. S2-22-129-03 for payment of an alleged principal sum of RM8,545,490.41 with damages to be assessed including interest on the judgement sum from the date of writ of summons till date of realisation and costs in respect of two separate contracts both entered into and executed between Sarajevo and Lim Kim Hai Electric (Malaysia) Sdn Bhd. Defence has been filed to deny and dispute liability in respect of Sarajevo's claim. As at to-date, the parties were requested by the Court to file their written submissions and the matter was fixed for decision on 19 December 2005. On 19 December 2005, the Court has dismissed the Plaintiff's Summon In Chambers for amendment. On 22 December 2005, the plaintiff filed an appeal and the Court has yet to fixed a date for hearing.

B12) DIVIDENDS

The Board of Directors does not recommend the payment of any dividend for the current quarter under review.
(Previous corresponding quarter: NIL)

B13) EARNINGS PER SHARE

		QUARTER ENDED		PERIOD ENDED		
		31/12/2006	31/12/2005	31/12/2006	31/12/2005	
a)	Basic earnings per share					
	Net Profit/(Loss) for the period	(RM'000)	4,053	(1,903)	2,433	(2,903)
	Weighted Average Number of Ordinary Shares in issue	('000)	225,757	225,757	225,757	225,757
	Basic Profit/(Loss) per Share	(Sen)	1.80	(0.84)	1.08	(1.29)
b)	Diluted earnings per share					
	Net Profit/(Loss) for the period	(RM'000)	4,053	(1,903)	2,433	(2,903)
	Weighted Average Number of Ordinary Shares in issue	('000)	225,757	225,757	225,757	225,757
	Adjusted for Share Options	('000)	-	-	-	-
	Weighted Average Number of Ordinary Shares for diluted earnings per share	('000)	<u>225,757</u>	<u>225,757</u>	<u>225,757</u>	<u>225,757</u>
	Diluted Profit/(Loss) per Share	(Sen)	1.80	(0.84)	1.08	(1.29)
c.c.	Securities Commission					