



FCW HOLDINGS BERHAD
3116-K

Annual Report 2006

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-First Annual General Meeting of the shareholders of the Company will be held at Dewan Berjaya, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Friday, 22 December 2006 at 3.30 p.m. for the purpose of considering and, if thought fit, passing the following ordinary resolutions:-

Agenda

1. To receive and adopt the Audited Financial Statements of the Group and the Company for the financial year ended 30 June 2006 together with the Reports of Directors and Auditors thereon. **Ordinary Resolution 1**
2. To approve the payment of Directors' fees in respect of the financial year ended 30 June 2006. **Ordinary Resolution 2**
3. To re-elect the following Directors retiring in accordance with Article 83 of the Company's Articles of Association:
 - (a) Dato' Ismail Bin Hamzah; and **Ordinary Resolution 3(a)**
 - (b) Mr Lee Yu-Jin **Ordinary Resolution 3(b)**
4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**
5. To transact any other ordinary business of the Company for which due notice has been given.

By Order of the Board

Loh Poh Wah
Secretary

Kuala Lumpur
30 November 2006

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (but not more than two) to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment(s) shall be invalid.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. The Proxy Form shall be deposited with the Company's Registered Office at No. 8, 3rd Floor, Jalan Segambut, 51200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Statement Accompanying Notice of Annual General Meeting

• Directors who are standing for re-election:-

- (a) Dato' Ismail Bin Hamzah
- (b) Mr Lee Yu-Jin

• Place, Date and Time of Meeting

Dewan Berjaya, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Friday, 22 December 2006 at 3.30 p.m.

Corporate Information

Board of Directors

Tan Sri Dato' Tan Hua Choon
- *Chairman, Non-Independent Non-Executive Director*

Dato' Ismail Bin Hamzah
- *Independent Non-Executive Director*

Mr Ong Bing Yap
- *Executive Director*

Mr Thor Poh Seng
- *Non-Independent Non-Executive Director*

Mr Lee Yu-Jin
- *Independent Non-Executive Director*

Ms Lim Lai Sam
- *Non-Independent Non-Executive Director*

Audit Committee

Dato' Ismail Bin Hamzah (*Chairman*)
Mr Thor Poh Seng
Mr Lee Yu-Jin (MIA)

Nomination Committee

Tan Sri Dato' Tan Hua Choon
Dato' Ismail Bin Hamzah
Mr Lee Yu-Jin

Remuneration Committee

Tan Sri Dato' Tan Hua Choon
Mr Thor Poh Seng

Senior Independent Non-Executive Director

Dato' Ismail Bin Hamzah
Fax : (603) 4043 6750

Company Secretary

Ms Loh Poh Wah

Registered Office

No. 8, 3rd Floor
Jalan Segambut
51200 Kuala Lumpur
Tel: (603) 4043 9266
Fax: (603) 4043 6750

Principal Bankers

HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad

Registrars(Share/Warrant)

Shareworks Sdn Bhd
23, Jalan Sri Hartamas 7
Sri Hartamas, 50480 Kuala Lumpur
Tel: (603) 6201 1120
Fax: (603) 6201 3121

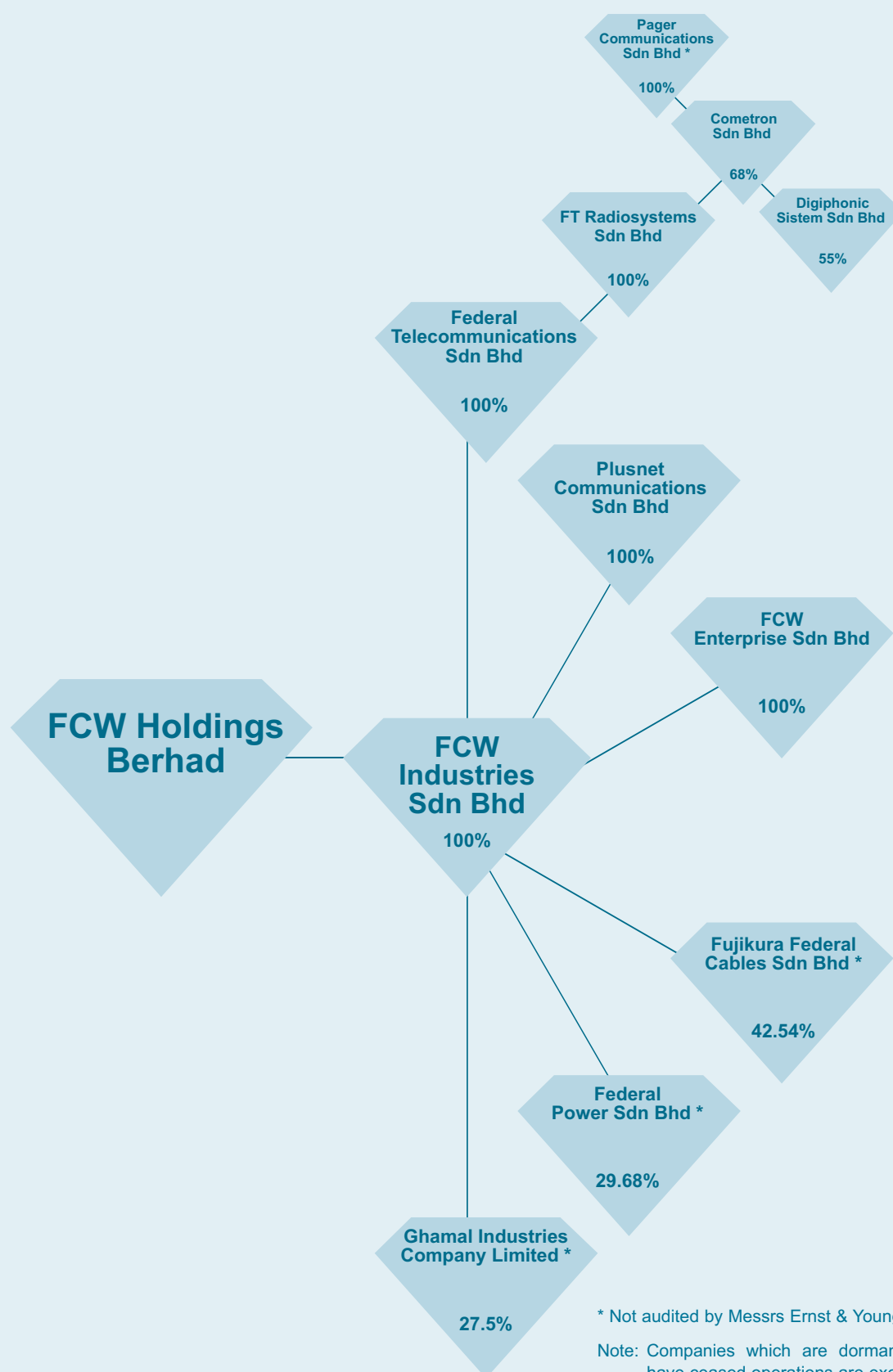
Auditors

Messrs Ernst & Young (*Chartered Accountants*)
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : (603) 7495 8000
Fax : (603) 2095 5332

Stock Exchange Listing

Bursa Malaysia Securities Berhad
Main Board

Corporate Structure

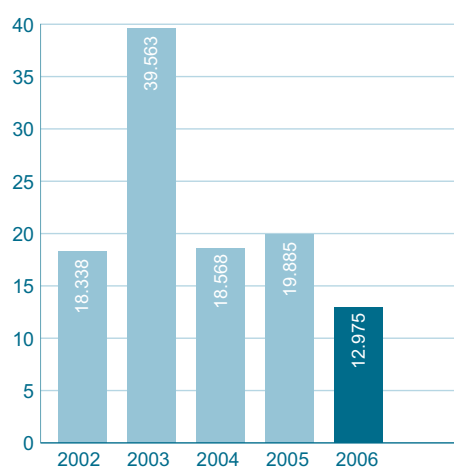


Financial Highlights

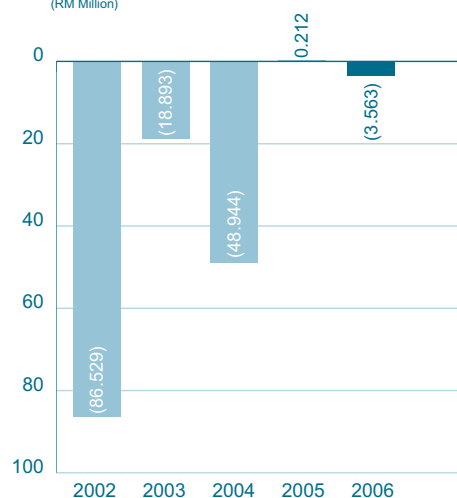
	2002 RM Million	2003 RM Million	2004 RM Million	2005 RM Million	2006 RM Million
Revenue	18.338	39.563	18.568	19.885	12.975
Profit / (Loss) Before Tax	(86.529)	(18.893)	(48.944)	0.212	(3.563)
Profit / (Loss) After Tax and Minority Interest Attributable to Shareholders	(85.487)	(19.526)	(49.223)	0.428	(3.543)
Dividends - Net	-	-	-	-	-
Shareholders' Funds	68.040	49.813 *	26.838	27.262	23.719
Earnings / (Loss) Per Share Based on Profit / (Loss) After Tax and Minority Interest (sen)					
Basic	(46.0)	(9.6)*	(19.8)	0.2	(1.27)
Diluted	-	-	(19.5)	(19.5)	-
Net Tangible Assets per Share (RM)	0.37	0.27 *	0.10	0.10	0.09
Dividend Rate	-	-	-	-	-

* Figures have been restated to reflect the prior year adjustment in respect of the accrual for certain holding costs incorrectly taken up in prior years.

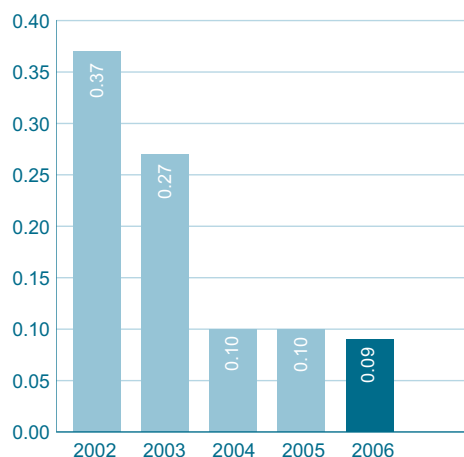
Revenue
(RM Million)



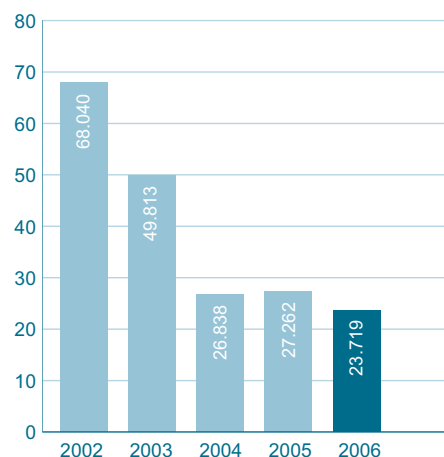
Profit / (Loss) Before Tax
(RM Million)



Net Tangible Assets per Share
(RM Million)



Shareholders' Fund
(RM Million)



Directors' Profile

Tan Sri Dato' Tan Hua Choon

Aged 65, Malaysian

Chairman, Non-Independent Non-Executive Director

Tan Sri Dato' Tan was appointed as Director and Chairman of the Company on 26 January 1999 and 16 February 2000 respectively. On 21 February 2002, he was appointed to the Nomination Committee and Remuneration Committee of the Company.

Tan Sri Dato' Tan is self-made businessman with vast experiences in various fields and industries. He has been involved in a wide range of businesses which include manufacturing, marketing, banking, shipping, property development and trading.

He has also built-up investments in numerous public listed companies and is the Chairman of Jasa Kita Berhad, GPA Holdings Berhad, Keladi Maju Berhad, PDZ Holdings Bhd, Malaysia Aica Berhad and Marco Holdings Berhad.

Dato' Ismail Bin Hamzah

Aged 60, Malaysian

Independent Non-Executive Director

Dato' Ismail was appointed as Director and Chairman of the Audit Committee on 1 January 2002. He is also the Senior Independent Non-Executive Director of the Company and a member of the Board's Nomination Committee. Dato' Ismail graduated from the University of Malaya in 1970 with a Bachelor of Economics (Hons) in Analytical Economics. He held many key positions in governmental agencies, and has over 33 years of experience in various aspects from economics to finance. Dato' Ismail also serves on the board of Grand United Holdings Berhad, PDZ Holdings Bhd and Engtex Group Bhd.

Ong Bing Yap

Aged 56, Malaysian

Executive Director

Mr Ong was appointed to the Board of the Company on 1 November 1999 and had served as a member of the Audit Committee from May 2000 to January 2002. He holds a Diploma in Education from the Technical Teachers Training College. Besides having a few years of experience in teaching, he has accumulated many years' of experience in the industrial engineering industry since joining the Jasa Kita Group of Companies in 1978. He also sits on the Board of Jasa Kita Berhad and United Bintang Berhad.

Directors' Profile (Cont'd)

Thor Poh Seng

Aged 46, Malaysian

Non-Independent Non-Executive Director

Mr Thor was appointed to the Board of the Company on 26 January 1999 and has been a member of the Audit Committee since January 2000. He was also appointed to the Remuneration Committee with effect from 21 February 2002.

He holds a Bachelor of Engineering degree from University Pertanian Malaysia (now known as University Putra Malaysia) and a Master's degree in Business Management from the Asian Institute of Management, Philippines.

Mr Thor was an ex-merchant banker from Commerce International Merchant Bankers Berhad ("CIMB") with extensive experience in corporate finance and corporate planning. Prior to joining CIMB, he has held senior positions in operations and in finance in Dunlop Estates Berhad and Sitt Tatt Berhad respectively. He is also Director of Malaysia Aica Berhad, Keladi Maju Berhad, PDZ Holdings Bhd, Marco Holdings Berhad, Jasa Kita Berhad, GPA Holdings Berhad and Computer Forms (Malaysia) Berhad.

Lee Yu-Jin

Aged 39, Malaysian

Independent Non-Executive Director

Mr Lee was appointed as Director of the Company and as a member of the Audit Committee on 1 January 2002. He is also a member of the Board's Nomination Committee. He graduated from University of Manchester, U.K. with a Bachelor of Arts (Honours) in Economics and is also a Member of the Institute of Chartered Accountants in England and Wales and the Malaysian Institute of Accountants. Prior to joining FCW, he has held senior positions in finance, accounting and banking. He also sits on the Board of Malaysia Aica Berhad, United Bintang Berhad and several private companies.

Presently, Mr Lee is the Chief Financial Officer of Computer Forms (Malaysia) Berhad.

Lim Lai Sam

Aged 42, Malaysian

Non-Independent Non-Executive Director

Ms Lim was appointed as Director of the Company on 26 January 1999 and had served as a member of the Audit Committee from January 2000 to January 2002. She is an Associate Member of the Institute of Chartered Secretaries and Administrators, U.K. She was appointed as Company Secretary of various public-listed companies and has further accumulated many years of experience in the corporate sector.

Additional Information on members of the Board

- There is no other family relationship among the Board members and the major shareholders of the Company.
- As at to-date, there has not been any occurrence of conflict of interest between any member of the Board and the Company.
- None of the Board members have been convicted of any offence within the past 10 years, other than traffic offences, if any.
- The attendance of the Directors at Board Meetings of the Company held during the financial year is set out in page 9 of this Annual Report.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of FCW Holdings Berhad and of the Group for the financial year ended 30 June 2006.

Financial Review

For the financial year ended 30 June 2006, the Group achieved a smaller revenue of RM12.975 million as compared to last year's revenue of RM19.885 million. A loss before tax of RM3.563 million was incurred as compared to the previous year's profit before tax of RM0.212 million. A loss per share of 1.27 sen was consequently incurred against the previous year's earnings per share of 0.15 sen.

Performance Review

As the sales of industrial communication equipment under various contracts tapered off, the bulk of the Group's turnover was mainly from the sales of walkie-talkie equipments. Due to the scarcity of new tenders as well as very keen competition, the Group was not able to materialize much from its participation in the biddings for new jobs.

Nevertheless, the losses were minimised by further cuts in operational overhead expenses. Out of the Group's loss before tax of RM3.563 million during the financial year, RM2.4 million was contributed by the impairment of a piece of landed property.

Prospects

With the proposed disposal of our 55% owned subsidiary, Digiphonic System Sdn Bhd, we are trimming our telecommunication equipment supply business further. Due to the lack of infrastructure expansion by telecommunication companies as well as the keenly competitive bidding for projects, the Group was unable to secure any major projects recently. This will negatively impact on the Group's turnover and performance. Therefore, the Board is striving hard to identify a new business.

The Company is also currently classified as under PN17 by Bursa Malaysia. With limited time and limited financial resources, the Board is aggressively exploring for opportunities and is still hopeful that a viable solution will be proposed in due course.

Dividends

No dividend has been declared or recommended for the financial year ended 30 June 2006.

Appreciation

On behalf of the Board, I would like to thank the members of the management team and staff for their contribution, commitment and loyalty, and to all our valued customers, suppliers, business associates, bankers and most importantly, our shareholders, thank you for your continued support and confidence in the Group.

Corporate Governance Statement

The Board of Directors of FCW Holdings Berhad fully subscribes to and supports the spirit of the Malaysian Code On Corporate Governance ("the Code") and is committed to ensuring that the principles and best practices of the Code are observed and practiced throughout the Group in the pursuit of discharging its roles and responsibilities to protect the shareholders' interests and enhance the financial performance of the Group.

The Board is pleased to report that the Group had substantially complied with the Code throughout the financial year ended 30 June 2006. Nevertheless, ongoing reviews will be carried out from time to time to reassess and refine the governance framework towards further enhancing the Groups' performance and corporate accountability.

Set out below are details of how the Group has applied the principles and complied with the best practices outlined in Parts 1 and 2 of the Code respectively.

A. BOARD OF DIRECTORS

i) The Board

The Board of Directors of FCW Holdings Berhad has within it individuals drawn from varied professionals and specialisation in the fields of management, marketing, trading, administration, finance and accounting. Together with the Management, they collectively bring a diverse range of skills and expertise to effectively discharge their responsibilities towards achieving the Group's business strategies and corporate goals.

The Executive Director frequently attends the Group's management meetings wherein operational details and other issues were discussed and considered. Apart from the management meetings, the Executive Director also hold informal meetings with the other members of the Board whenever necessary.

There were two (2) official Board Meetings held during the financial year ended 30 June 2006. The record of attendance for each Director at those meetings is set out below:-

Directors	Status	% of Attendance
Tan Sri Dato' Tan Hua Choon	Non-Independent Non-Executive Director	100
Dato' Ismail Bin Hamzah	Independent Non-Executive Director	100
Ong Bing Yap	Executive Director	100
Thor Poh Seng	Non-Independent Non-Executive Director	100
Lee Yu-Jin	Independent Non-Executive Director	100
Lim Lai Sam	Non-Independent Non-Executive Director	100

ii) Board Committees

The Board has delegated specific functions to its three Committees; namely the Audit, Nomination and Remuneration Committees which operate under their respective clearly defined terms of reference. These Committees, which do not have executive powers, will deliberate and examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision, however, lies with the entire Board.

Audit Committee

The FCW Audit Committee was established on 17 February 1994. The composition of the Committee, terms of reference and the summary of its activities carried out during the financial year ended 30 June 2006 are set out in pages 15 to 17 of this Annual Report.

Corporate Governance Statement (Cont'd)

A. BOARD OF DIRECTORS (Cont'd)

ii) Board Committees (Cont'd)

Nomination Committee

The Nomination Committee, which was established on 21 February 2002 and comprising exclusively three Non-Executive Directors, two of whom are independent, is tasked with the responsibility of recommending to the Board, suitable candidates for appointment as Directors and to fill the seats on Board Committees wherever necessary. It will also carry out the process of assessing the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.

Decision on appointments of new Directors is made by the full Board on a collective basis after considering recommendations of the Nomination Committee.

Generally, the Nomination Committee will assist the Board to review annually its required mix of skills, experience and other qualities, including core competencies which the Non-Executive Directors should bring to the Board.

The present members of the Nomination Committee are:-

- 1) Tan Sri Dato' Tan Hua Choon - Non-Independent Non-Executive Director
- 2) Dato' Ismail Bin Hamzah - Independent Non-Executive Director
- 3) Mr Lee Yu-Jin - Independent Non-Executive Director

The Nomination Committee met once during the reporting financial year and the meeting was attended by all the members.

Remuneration Committee

The Board had also set up a Remuneration Committee on 21 February 2002 which comprise wholly of Non-Executive Directors. The Committee is responsible for making recommendation to the Board, the remuneration of the Executive Director in all its forms, drawing from outside resources where necessary.

The present members of the Remuneration Committee are:-

- 1) Tan Sri Dato' Tan Hua Choon - Non-Independent Non-Executive Director
- 2) Mr Thor Poh Seng - Non-Independent Non-Executive Director

The Remuneration Committee met once during the financial year.

iii) Board Balance

Presently, the constitution of the Board comprises six members with one Executive Director and five Non-Executive Directors (including the Chairman), two of whom are Independent Non-Executive Directors. With this Board composition, the Company fully complies with the Bursa Malaysia Securities Berhad Listing Requirements ("BMSB LR") with regard to the constitution of the Board of Directors and the required ratio of independent directors, as well as the requirement for a director who is a member of the Malaysian Institute of Accountants to sit on the Audit Committee. The profiles of each Board member are set out in pages 6 to 7 of this Annual Report.

The Board considers its current composition with the mix of skills and expertise sufficient and optimum to discharge its duties and responsibilities effectively.

Corporate Governance Statement (Cont'd)

A. BOARD OF DIRECTORS (Cont'd)

iii) Board Balance (Cont'd)

There is clear segregation of responsibility between the Chairman of the Board and the Executive Director to ensure that there is a balance of power and authority in the Group:

- The Non-Executive Chairman is primarily responsible for the effectiveness and proper conduct of the Board; while
- The Executive Director has the responsibility of implementing the policies and decisions of the Board, overseeing as well as coordinating the development and implementation of business and corporate strategies.

The Non-Executive Directors participate in areas such as establishment of policies and strategies, performance monitoring as well as improving governance and control and are independent of management and have no relationships which could materially interfere the exercise of their independent judgment so as to ensure that the interests of not only the Group, but also the stakeholders and the public in general are represented.

iv) Supply of Information

All the Board and committee members have timely access to relevant information pertaining to the Group as well as to the advice and services of the Company Secretaries, Management representatives and independent professional advisers, wherever necessary, at the Company's expense to enable the Board and committee members to discharge their duties with adequate knowledge on the matters being deliberated. They are also kept informed of the requirements and updates issued by the regulatory authorities from time to time.

Prior to each scheduled Board Meeting, all Board members are provided with the requisite notice, agenda and the relevant Board Papers to enable them have sufficient time to peruse the papers and, if necessary, obtain further information or clarification from the Management to ensure effectiveness of the proceeding of the meetings. Senior Management members are invited to attend these meetings to explain and clarify matters.

In addition, there is a formal schedule of matters specifically reserved for the Board's decision including, among other things, business strategies and directions, operational policies and efficacies, product quality measures, acquisitions and disposals of material assets, investment policies and approval of financial statements.

v) Appointments to the Board

Appointment of new directors will first be considered and evaluated by the Nomination Committee, through a formal and transparent selection procedure, after which appropriate recommendation will be put forward to the Board for its consideration and approval.

vi) Directors' Training

All the Directors of the Company have completed the Mandatory Accreditation Programme ("MAP") accredited by BMSB in compliance with the BMSB Listing Requirements. Apart from attending the Continuing Educational Programmes accredited by BMSB, the Directors are also encouraged to attend relevant courses/ seminars and training programmes from time to time to keep abreast with changes and development in the business environment.

vii) Re-election of Directors

In accordance with the Company's Memorandum and Articles of Association, one-third of the directors for the time being or, if their number is not a multiple of three, the number nearest to one-third shall retire from the office and be eligible for re-election at each Annual General Meeting. Newly appointed directors shall hold office until the conclusion of the next Annual General Meeting and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

The Articles also provide that all directors be subject to retirement by rotation at least once every three (3) years.

Corporate Governance Statement (Cont'd)

B. DIRECTORS' REMUNERATION

i) Level and make-up

The Board as a whole reviews the levels of remuneration offered for Directors to ensure that they are sufficient to attract and retain Directors with the relevant experience and expertise needed to manage the Group successfully, while taking into consideration at the same time the state of the economy in general and the performance of the industry and the Group in particular.

In the case of Executive Director, the component parts of remuneration are structured to link rewards to corporate and individual performance. As for the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned.

ii) Procedure

The Remuneration Committee is responsible for recommending to the Board the policy framework of executive remuneration and the fixing of the remuneration of individual directors. The director concerned will abstain from deliberation and decision in respect of his/her own remuneration package.

iii) Disclosure

The details of directors' remuneration payable to all the Directors of the Company who served during the financial year ended 30 June 2006 are as follows:-

a) Aggregate remuneration of Directors categorised into the following components:

Category of Remuneration	Executive Director (RM)	Non-Executive Directors (RM)	Total (RM)
(a) Fees	-	48,000	48,000
(b) Salaries and other emoluments	220,000	-	220,000
(c) Estimated value of benefits-in-kind	29,118	-	29,118
Total	249,118	48,000	297,118

b) The number of Directors whose remuneration fall within the following bands:

Band (RM)	No. of Executive Director	No. of Non-Executive Directors	Total
1 - 50,000	-	5	5
50,001 - 100,000	-	-	-
100,001 - 150,000	-	-	-
150,001 - 200,000	-	-	-
200,001 - 250,000	1	-	1
Total	1	5	6

Corporate Governance Statement (Cont'd)

C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

i) Dialogue between Company and Investors

Timely release of the quarterly financial results of the Group, audited financial statements, corporate developments and announcements of the Group via the BURSA LINK, Company's annual reports and other circulars to shareholders and where appropriate, ad hoc press statements serve as the principal channel to keep the shareholders and the investing public informed of the Group's major development, financial performance and progress throughout the year.

ii) General Meetings of Shareholders

The Annual General Meetings ("AGM") of the shareholders of the Company represent the main venue for interaction between the Board and the shareholders. At each AGM, the Board presents the progress and performance of the business of the Group during the particular financial year as contained in the Annual Report. Shareholders are given the opportunity to express their view or seek clarification on issues pertaining to the Group's financial statements, transactions, business activities and prospects of the Group wherein, the Directors, Group Financial Controller, Group Finance Manager and Auditors are available to respond to the queries before each resolution is carried.

Extraordinary General Meetings ("EGM") of the Company will be held as and when shareholders' approvals are required on specific matters. Notices of AGM and EGM are advertised in a major local daily newspaper. They are also distributed to shareholders within a reasonable and sufficient time frame. In addition to that, a press conference is normally held after each AGM or EGM of the Company whereat, the Board members are available to answer questions pertaining to the business operations and directions of the Group posted by journalists.

Any queries and concerns pertaining to the Group may be conveyed to Dato' Ismail Bin Hamzah, the Senior Independent Non-Executive Director of the Company via fax no. 603-4043 6750 or by mail to the registered office of the Company.

D. ACCOUNTABILITY AND AUDIT

i) Financial Reporting

The Audit Committee assists the Board in reviewing the Group's quarterly results and annual financial statements to ensure correctness and adequacy prior to these results being presented to the Board. The Board takes note of the comments and recommendations of the Audit Committee and conducts a balanced and detailed assessment of the Group's financial position and prospects. The results are then released by the Secretaries via BURSA LINK after the Board adopts them.

A statement by Directors of their responsibilities in preparing the financial statements is set out in page 14 of this Annual Report.

ii) Internal Control

The Board places significant emphasis on a sound internal control system which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investment and company's assets. The internal control system is designed to meet the Group's particular needs and to manage the risks to which it is exposed.

The Internal Control Statement by the Board which provides an overview of the Group's state of internal control is set out in pages 19 to 20 of this Annual Report.

Corporate Governance Statement (Cont'd)

D. ACCOUNTABILITY AND AUDIT (Cont'd)

iii) Relationship with Auditors

The Board of Directors and the Management maintain a formal and transparent relationship with the Group's Auditors in seeking their professional advice and opinion with regard to the Group's compliance with the relevant approved accounting standards.

The role of the Audit Committee in relation to its relationship with the External Auditors is set out in pages 15 to 18 of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and the results and cash flows of the Group and the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2006, the Group has used the appropriate accounting policies and applied them consistently and prudently. The Directors also noted that all relevant accounting standards have been followed in the preparation of these financial statements. The Directors have the responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have a fiduciary responsibility in taking reasonable steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

Material Contracts Involving Directors' and Major Shareholders' Interests

During the reporting financial year, there were no material contracts entered into by the Group which involved directors' and major shareholders' interests.

Revaluation Policy On Landed Properties

The Group does not have any revaluation policy on landed properties.

Audit Committee Report

The FCW Holdings Berhad ("FCW") Audit Committee was established by the Company's Board of Directors on 17 February 1994.

MEMBERSHIP AND MEETINGS

The FCW Audit Committee held four meetings during the financial year ended 30 June 2006. The members of the FCW Audit Committee and their respective attendance at the FCW Audit Committee meetings were as follows :

Name	Membership	Status	% of Attendance
Dato' Ismail Bin Hamzah	Chairman	Independent Non-Executive Director	100
Thor Poh Seng	Member	Non-Independent Non-Executive Director	100
Lee Yu-Jin	Member	Independent Non-Executive Director	100

The Executive Director, Accountant, Internal Audit Consultants and other non-member Directors were invited to attend the FCW Audit Committee meetings for briefing on the activities involving their areas of responsibilities. The FCW Audit Committee was also briefed by the external auditors on their annual audit findings.

The proceedings of each FCW Audit Committee meeting were documented and distributed to all the Board members.

TERMS OF REFERENCE

1. Membership

The FCW Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than 3 members, a majority of whom shall be independent non-executive directors. An alternate director cannot be appointed as a member of the Committee. In the event of any vacancy in the Committee which results in non-compliance of paragraph 15.10(1) of BMSB LR, the vacancy shall be filled within 3 months.

At least one member of the Committee must be qualified under paragraph 15.10 (1)(c) of the BMSB LR.

The Chairman of the Committee shall be an independent non-executive director appointed by the Board.

2. Frequency of Meetings

Meetings shall be held not less than four times a year. In addition, the Chairman of the Committee may call a meeting of the Committee upon the request of the external auditors, to consider any matter the external auditors believe should be brought to the attention of the Board and shareholders.

Majority members present in person who are independent non-executive directors shall be a quorum.

3. Secretary

The Company Secretary shall be the secretary of the Committee.

Audit Committee Report (Cont'd)

TERMS OF REFERENCE (Cont'd)

4. Authority

The FCW Audit Committee shall, at the Company's expense, have the following authority and rights:-

1. full and unrestricted access to any information and documents from the external auditors and senior management of the Company and the Group which are relevant to the activities of the Company.
2. be provided with the necessary resources which are required to perform its duties.
3. investigate into any matter within its terms of reference and as such, have direct communication channel with the external auditors and persons carrying out the internal audit function of the Company.
4. the liberty to obtain independent professional advice and to secure the attendance of such external parties with relevant experience and expertise at its meeting if it considers this necessary.
5. convene meetings with the external auditors, excluding the attendance of its executive members and may extend invitation to other non-member directors and officers of the Company to attend a specific meeting, whenever deemed necessary.

5. Duties

The FCW Audit Committee shall report to the Board of Directors either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference.

The duties of the FCW Audit Committee shall be:-

- (i) To review the audit plan with the external auditors;
- (ii) To review the audit report with the external auditors;
- (iii) To review the assistance given by the Company's officers to the external auditors;
- (iv) To review the quarterly results and year end financial statements of the Company and the Group, prior to the approval by the Board, focusing particularly on:
 - a. changes in or implementation of major accounting policies;
 - b. significant and unusual events; and
 - c. compliance with accounting standards, regulatory and other legal requirements;
- (v) To review any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (vi) To review the adequacy of the scope, functions and resources of the internal audit functions and to ensure that it has the necessary authority to carry out its work;
- (vii) To review any internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action are taken on the recommendations of the internal audit function;
- (viii) To review any evaluation made on the systems of internal controls with the internal and external auditors;
- (ix) To recommend to the Board of Directors the appointment of the external auditors and the level of their fees;
- (x) To review the letter of resignation from the external auditors, if any;
- (xi) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointments; and
- (xii) To undertake such other functions as may be agreed by the FCW Audit Committee and the Board.

Audit Committee Report (Cont'd)

TERMS OF REFERENCE (Cont'd)

6. Performance Review

The term of office and performance of the FCW Audit Committee and each of its members shall be reviewed by the Board of Directors of the Company at least once every three (3) years to determine whether the committee and members have carried out their duties in accordance with the Audit Committee's Terms of Reference.

ACTIVITIES OF THE COMMITTEE

During the financial year ended 30 June 2006, the activities carried out by the FCW Audit Committee included, among others, the following:-

1. Reviewed the audited financial statements of the Group for the financial year ended 30 June 2005 prior to Board's adoption for release to BMSB.
2. Reviewed the unaudited quarterly reports on the consolidated results and financial statements of the Company and the Group prior to tabling of the same to the Board of Directors.
3. Reviewed the year end financial statements of the Company and the Group, prior to their adoption by the Board, focusing on:-
 - (i) changes in or implementation of major accounting policies;
 - (ii) significant and unusual events;
 - (iii) compliance with accounting standards, regulatory and other legal requirements.
4. Reviewed the adequacy of the existing policies, procedures and systems of internal control of the Group.
5. Discussed with the external auditors, the applicability and the impact of any accounting standards.
6. Reviewed the internal audit reports which outlined the risks identified, recommendations towards the areas of weaknesses and the Management's responses. Discussed with the Management the improvement actions taken in the areas of internal control systems and efficiency enhancements proposed by the Internal Audit Consultants based on the internal audit findings.
7. Reviewed the Standard Operating Policies and Procedures covering the areas of Stock Review and Credit Note, Credit Control and Inventory Management.
8. Reviewed the extent of the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement pursuant to the BMSB LR.
9. Reviewed with the external auditors the Statement of Internal Control of the Group for inclusion in the Annual Report.
10. Reviewed the external auditors' report in relation to their audit findings and accounting issues arising from the audit of the Group for the financial year ended 30 June 2005.

Audit Committee Report (Cont'd)

INTERNAL AUDIT FUNCTION

The Board has outsourced the internal audit function to an internal audit consultancy company to assist the Board, Audit Committee and Management.

The role of the internal audit consultants is to provide independent and objective quarterly reports on the state of internal control, compliance to policies, procedures and statutory requirements, the extent the Group's assets are accounted for and safeguarded, and any improvements to operations, processes and control systems. These report findings together with the related recommendations are reported to the Audit Committee.

The Group has an established risk framework and self-assessment approach in arriving at the audit plan for the Group. This internal audit plan is approved by the Audit Committee. The Board and Management together with the internal audit consultants also conduct regular reviews in identifying, evaluating and managing the principal risks that the Group faces covering various operational, financial and statutory aspects of the Group's businesses.

Internal Control Statement

BOARD RESPONSIBILITY

The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia requires directors of listed companies to include a statement on the state of their internal controls in the annual reports. The Board of Directors recognizes the importance of good corporate governance and is guided by the Bursa Malaysia's Statement on Internal Control: Guidance for Directors of Public Listed Companies, which provides guidance for compliance with these requirements.

The Board of Directors affirms its overall responsibility for maintaining the Group's systems of internal controls and its risk management framework to safeguard shareholders' investments and the Groups' assets. Whilst these systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, any system can only provide reasonable, and not absolute, assurance against material misstatement, errors, fraud or loss.

RISK MANAGEMENT FRAMEWORK AND INTERNAL AUDIT

The Group has established an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the year. The Board regularly reviews this process.

The Board of Directors, with the assistance of the internal audit consultants, reviews the Group Risk Profile which covers all major identified and significant risks and controls associated with the Group's businesses. In this respect, internal audits are carried out in accordance with the audit plan approved by the Board and focuses on the identified areas of risks with priority towards the management of the significant risks impacting the achievement of the business objectives of the Group. This Group Risk Profile is subjected to regular reviews in line with changes in its business environment, strategies and activities.

Dormant subsidiaries are excluded from such regular reviews including that of associates as the Group does not have management control over these associates.

INTERNAL CONTROL STRUCTURE

The Board is fully committed to ensuring that a proper control structure and environment is maintained within the Group to provide sufficient assurance of an adequate and sound control framework. In order to achieve this, the Board has put in place the following control systems:-

- **Risk Management**

Operational management has clear responsibility for identifying and evaluating the risks facing their businesses, and for implementing procedures to mitigate and monitor such risks. Regular reviews are carried out by the management team and reported to the Audit Committee. In addition, issues are identified, discussed and resolved at monthly management meetings within the Group.

- **Organization Structure**

Terms of reference for the Audit Committee and the Board Committees are clearly defined. The Group has human resource policies and programmes designed to enhance operational efficiency and effectiveness in the Group and an organization structure with clearly defined lines of accountability and delegated authority. Appropriately qualified financial management personnel are responsible for their operational areas and monitoring of effective internal control.

Internal Control Statement (Cont'd)

INTERNAL CONTROL STRUCTURE (Cont'd)

- **Authority Levels**

Clearly defined authorization levels for various aspects of the business are set out in a formalized and approved authority matrix.

- **Monitoring and Reporting**

Adequate reports are generated for reviews on various operating units of the Group encompassing operational, financial and regulatory areas. Comprehensive management accounts and reports are prepared on a monthly basis for review by the Chairman, Executive Director and senior management for effective monitoring and decision-making. Quarterly, the Executive Director and the Financial Controller review with the Audit Committee on all significant issues pertinent to the Group.

There is a detailed and comprehensive budgeting process established which requires business units to prepare budgets annually for monitoring monthly performance against these budgets with key performance indicators. Key variances from budget are reported monthly and followed up by management.

Investments and projects are subject to formal review and authorization by the Executive Director and the Board for consideration and approval.

The Audit Committee also reviews on a quarterly basis the internal control and risk issues identified by the internal audit consultants, external auditors, regulatory bodies and senior management, and evaluate the effectiveness of the Group's risk management and internal control systems. During the year, the Audit Committee reviewed reports together with the recommendations prepared by the internal audit consultants covering areas of inventory and credit control.

- **Documented Policies and Procedures**

Clearly documented internal policies are set out in a set of Standard Operating Procedures. The Standard Operating Procedures cover significant areas of operation, such as sales & marketing, purchasing, stock control, customer service and credit control & collections. Other key areas are in the process of being formalized. The Standard Operating Procedures are subject to regular reviews, enhancement and improvement.

- **Review of Effectiveness on Control Environment**

Through the establishment of sound internal control, which includes monitoring and reporting systems, the Board reports that the existing system of internal controls was satisfactory. No material losses have occurred during the financial year under review as a result of weaknesses in internal control. The Board together with management continues to take measures to strengthen the control environment.

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Directors' Report

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, providing management services and trading of telecommunications equipment.

The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss after taxation	(3,720)	(8,760)
Minority interests	177	-
Net loss for the year	<u>(3,543)</u>	<u>(8,760)</u>

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the statement of changes in equity.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the financial year ended 30 June 2006.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Tan Hua Choon
Dato' Ismail bin Hamzah
Thor Poh Seng
Lim Lai Sam
Ong Bing Yap
Lee Yu-Jin

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report (Cont'd)

DIRECTORS' BENEFITS (Cont'd)

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company or its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM0.50 each			
	1 July 2005	Bought	Sold	30 June 2006
The Company				
Direct Interest				
Tan Sri Dato' Tan Hua Choon	27,855,100	-	-	27,855,100
Ong Bing Yap	75,000	-	(75,000)	-
Indirect Interest				
Tan Sri Dato' Tan Hua Choon	33,998,400	-	-	33,998,400

	Number of Warrants			
	1 July 2005	Bought	Sold	30 June 2006
The Company				
Direct Interest				
Tan Sri Dato' Tan Hua Choon	12,250,100	-	-	12,250,100

Tan Sri Dato' Tan Hua Choon by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent in which the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

WARRANTS

As at 30 June 2006, there are 92,886,400 (2005: 92,886,400) warrants in issue whereby warrant holders have the option to subscribe for new ordinary shares in the Company at a predetermined price of RM0.50 per ordinary share. The warrants will expire on 11 November 2013.

OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

Directors' Report (Cont'd)

OTHER STATUTORY INFORMATION (Cont'd)

- (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

Significant and subsequent events are disclosed in Note 31 and Note 32 respectively to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

Tan Sri Dato' Tan Hua Choon

Ong Bing Yap

Kuala Lumpur, Malaysia
30 October 2006

Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Dato' Tan Hua Choon and Ong Bing Yap, being two of the directors of FCW Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 27 to 55 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

Tan Sri Dato' Tan Hua Choon

Ong Bing Yap

Kuala Lumpur, Malaysia
30 October 2006

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Ong Bing Yap, being the director primarily responsible for the financial management of FCW Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 27 to 55 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Ong Bing Yap
at Kuala Lumpur in the Federal
Territory on 30 October 2006.

Ong Bing Yap

Before me,

M.S. Nathan

No: W 317

Commissioner for Oaths

Report of the Auditors

to the Members of FCW Holdings Berhad

We have audited the financial statements set out on pages 27 to 55. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 30 June 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
30 October 2006

Lee Seng Huat
No. 2518/12/07 (J)
Partner

Income Statements

for the year ended 30 June 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue	3	12,975	19,885	369	369
Other income	4	247	503	-	19
Changes in trading inventories	5	354	1,903	-	-
Purchases and other trading expenses		(11,571)	(18,318)	-	-
Staff costs	6	(1,894)	(2,192)	(357)	(352)
Depreciation		(184)	(250)	(1)	(1)
Other operating expenses		(3,741)	(1,750)	(8,987)	(7,563)
Loss from operations	8	(3,814)	(219)	(8,976)	(7,528)
Finance income, net	9	251	211	216	184
Share of results in associates	10	-	220	-	-
(Loss)/profit before taxation		(3,563)	212	(8,760)	(7,343)
Taxation	11	(157)	267	-	195
(Loss)/profit after taxation		(3,720)	479	(8,760)	(7,148)
Minority interests		177	(51)	-	-
Net (loss)/profit for the year		(3,543)	428	(8,760)	(7,148)
(Loss)/earnings per share (sen)					
Basic	12	(1.27)	0.15		
Diluted	12	(1.27)	0.15		

The accompanying notes form an integral part of the financial statements.

Balance Sheets

as at 30 June 2006

		Group		Company	
	Note	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	4,182	4,328	2	3
Investment property	14	3,100	5,500	-	-
Investment in subsidiaries	15	-	-	5,119	8,458
Investment in associates	16	220	220	-	-
Other investments	17	1	1	-	-
Goodwill on consolidation		7,503	10,049	5,121	8,461
CURRENT ASSETS					
Inventories	18	4,503	4,149	-	-
Due from contract customers	19	143	94	-	-
Trade receivables	20	2,421	3,207	-	-
Other receivables	21	530	721	40	10
Due from subsidiaries	22	-	-	10,285	14,059
Due from associates	23	540	295	-	-
Cash and bank balances	24	11,427	11,361	7,950	9,630
		19,564	19,827	18,275	23,699
CURRENT LIABILITIES					
Trade payables	25	658	409	-	-
Other payables	26	1,751	1,196	184	187
Due to subsidiaries	22	-	-	4,818	4,819
Tax payable		373	266	-	-
		2,782	1,871	5,002	5,006
NET CURRENT ASSETS		16,782	17,956	13,273	18,693
		24,285	28,005	18,394	27,154
FINANCED BY:					
Share capital	27	139,330	139,330	139,330	139,330
Reserves	28	(115,611)	(112,068)	(120,936)	(112,176)
Shareholders' equity		23,719	27,262	18,394	27,154
Minority interest		566	743	-	-
		24,285	28,005	18,394	27,154

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2006

	Share Capital RM'000	Non-Distributable Share Premium RM'000	Capital Reserve RM'000 (Note 28)	Accumulated Losses RM'000	Total RM'000
Group					
At 1 July 2004	139,330	9,012	13,821	(135,325)	26,838
Expenses incurred for rights issue	-	(4)	-	-	(4)
Net profit for the year	-	-	-	428	428
At 30 June 2005	139,330	9,008	13,821	(134,897)	27,262
At 1 July 2005	139,330	9,008	13,821	(134,897)	27,262
Transfer pursuant to impairment losses in an associate of a subsidiary	-	-	(10,921)	10,921	-
Net loss for the year	-	-	-	(3,543)	(3,543)
At 30 June 2006	139,330	9,008	2,900	(127,519)	23,719

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

for the year ended 30 June 2006

	Share Capital RM'000	Non- Distributable Share Premium RM'000	Accumulated Losses RM'000	Total RM'000
Company				
At 1 July 2004	139,330	9,012	(114,036)	34,306
Expenses incurred for rights issue	-	(4)	-	(4)
Net loss for the year	-	-	(7,148)	(7,148)
At 30 June 2005	139,330	9,008	(121,184)	27,154
At 1 July 2005	139,330	9,008	(121,184)	27,154
Net loss for the year	-	-	(8,760)	(8,760)
At 30 June 2006	139,330	9,008	(129,944)	18,394

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 30 June 2006

Group	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(3,563)	212
Adjustments for		
Depreciation of property, plant and equipment	184	250
Property, plant and equipment written off	1	2
Inventories written down	155	100
Inventories written off	-	1
Provision for doubtful debts	78	234
Write back of provision for doubtful debts	(35)	(48)
Share of results of associates	-	(220)
Impairment losses of:		
- investment in quoted shares	-	1
- investment property	2,400	-
Gain on disposal of property, plant and equipment	(3)	(106)
Interest expense	1	-
Interest income	(252)	(211)
Operating (loss)/profit before working capital changes	(1,034)	215
Changes in working capital:		
Increase in inventories	(509)	(2,004)
Decrease in receivables	808	626
Increase/(decrease) in payables	754	(1,095)
Changes in amount due from contract customers	(49)	(32)
Changes in amount due from associates	(245)	(93)
Cash used in operations	(275)	(2,383)
Interest received	252	211
Interest paid	(1)	-
Net taxes received	126	849
Net cash generated from/(used in) operating activities	102	(1,323)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(39)	(12)
Proceeds from disposal of property, plant and equipment	3	126
Net cash (used in)/generated from investing activities	(36)	114
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of rights issue expenses	-	(4)
Dividend paid to minorities	-	(49)
Net cash used in financing activities	-	(53)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	66	(1,262)
CASH AND BANK BALANCES AT BEGINNING OF YEAR	11,361	12,623
CASH AND BANK BALANCES AT END OF YEAR (NOTE 24)	11,427	11,361

The accompanying notes form an integral part of the financial statements.

Cash Flow Statement

for the year ended 30 June 2006

Company	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(8,760)	(7,343)
Adjustments for:		
Depreciation of property, plant and equipment	1	1
Impairment losses of investment in subsidiaries	3,339	7,196
Provision for doubtful debts	5,272	4
Write back of provision for doubtful debts	-	(19)
Interest income	(216)	(184)
Operating loss before working capital changes	(364)	(345)
Changes in working capital:		
(Increase)/decrease in receivables	(30)	3
Decrease in payables	(3)	(450)
Net changes in related companies balances	(1,499)	(973)
Cash used in operations	(1,896)	(1,765)
Interest received	216	184
Taxes received	-	660
Net cash used in operating activities	(1,680)	(921)
CASH FLOWS FROM FINANCING ACTIVITY		
Payment of rights issue expenses, representing net cash used in financing activity	-	(4)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,680)	(925)
CASH AND BANK BALANCES AT BEGINNING OF YEAR	9,630	10,555
CASH AND BANK BALANCES AT END OF YEAR (NOTE 24)	7,950	9,630

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

30 June 2006

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding, providing management services and trading of telecommunications equipment. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No. 8, 3rd Floor, Jalan Segambut, 51200 Kuala Lumpur. The principal place of business of the Company was located at Lot 2, Jalan 222, Section 51A, 46100 Petaling Jaya and relocated to No. 2, Jalan Murai 2, Batu Kompleks, 51100 Kuala Lumpur on 16 October 2006.

The numbers of employees in the Group and the Company as at 30 June 2006 were 42 (2005: 48) and 2 (2005: 3) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 October 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

Notes to the Financial Statements (Cont'd)

30 June 2006

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of Consolidation (Cont'd)

(ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

(c) Investment in Subsidiaries and Associates

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(f).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(f).

Leasehold land and building is depreciated over the leasehold period of 68 years. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Leasehold land and buildings	1.47 %
Plant and machinery	10% - 33 $\frac{1}{3}$ %
Motor vehicles	20 %
Furniture and fittings	7 $\frac{1}{2}$ % - 33 $\frac{1}{3}$ %
Office equipment	10% - 33 $\frac{1}{3}$ %

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(e) Investment Property

Investment property consists of investment in freehold land that is not occupied for use by, or in the operations, of the Group.

Investment property is treated as long term investment and is stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(f).

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

Notes to the Financial Statements (Cont'd)

30 June 2006

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

(g) Construction Contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amount due from contract customers. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to contract customers.

(h) Inventories

Inventories comprise purchased accessories, telecommunication equipments and related spares. Inventories are stated at the lower of cost and net realisable value determined on a weighted average basis. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value.

(j) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Notes to the Financial Statements (Cont'd)

30 June 2006

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Income Tax (Cont'd)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(k) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated balances, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contributions plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(l) Provision for Liabilities

Provision for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(m) Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of goods

Revenue relating to sale of goods is recognised net of discounts when the transfer of risks and rewards has been completed.

(ii) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(g).

(iii) Revenue from services

Revenue from services rendered is recognised net of discounts as and when the services are performed.

Notes to the Financial Statements (Cont'd)

30 June 2006

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All foreign exchange rate differences are taken to the income statement.

The principal exchange rates used for every unit of foreign currency ruling at the balance sheet date are as follows:

	2006 RM	2005 RM
United States Dollar	3.67	3.80

(o) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Marketable Securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Notes to the Financial Statements (Cont'd)

30 June 2006

3. REVENUE

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Sales, hire and servicing of telecommunications equipment and electronic goods	12,019	18,522	-	-
Service fee income from provision of paging services	704	1,006	-	-
Others	252	357	369	369
	<u>12,975</u>	<u>19,885</u>	<u>369</u>	<u>369</u>

4. OTHER INCOME

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Rental and service income	82	82	-	-
Gain on disposal of property, plant and equipment	3	106	-	-
Write back of provision for doubtful debts	35	48	-	19
Bad debts recovered	-	5	-	-
Discounts received	89	84	-	-
Others	38	178	-	-
	<u>247</u>	<u>503</u>	<u>-</u>	<u>19</u>

5. CHANGES IN TRADING INVENTORIES

Included in changes of trading inventories of the Group are costs of inventories written down amounting to RM155,000 (2005: RM100,000) and cost of inventories written off in the previous year amounting to RM900.

6. STAFF COSTS

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	1,646	1,741	335	334
Staff termination benefits	-	9	-	-
EPF contributions	168	176	7	6
Other staff related expenses	80	266	15	12
	<u>1,894</u>	<u>2,192</u>	<u>357</u>	<u>352</u>
Included in staff costs are:				
Directors' remuneration (Note 7)	<u>323</u>	<u>360</u>	<u>268</u>	<u>245</u>

The estimated monetary value of benefit not included in the above received by director of the Company and by directors of subsidiaries were RM29,118 (2005: RM3,600) and RM Nil (2005: RM2,100) respectively.

Notes to the Financial Statements (Cont'd)

30 June 2006

7. DIRECTORS' REMUNERATION

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	220	221	220	197
Benefits-in-kind	29	4	29	4
	<u>249</u>	<u>225</u>	<u>249</u>	<u>201</u>
Non-Executive:				
Fees	<u>48</u>	<u>48</u>	<u>48</u>	<u>48</u>
Other Directors				
Executive:				
Salaries and other emoluments	36	72	-	-
Benefits-in-kind	-	2	-	-
Fees	6	-	-	-
	<u>42</u>	<u>74</u>	<u>-</u>	<u>-</u>
Non-Executive:				
Fees	<u>13</u>	<u>19</u>	<u>-</u>	<u>-</u>
Total excluding benefits-in-kind (Note 6)	<u>323</u>	<u>360</u>	<u>268</u>	<u>245</u>

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of directors	
	2006	2005
Executive director:		
RM200,000 - RM250,000	<u>1</u>	<u>1</u>
Non-executive directors:		
Below RM50,000	<u>5</u>	<u>5</u>

Notes to the Financial Statements (Cont'd)

30 June 2006

8. LOSS FROM OPERATIONS

Loss from operations is stated after charging:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- current year	62	89	10	10
- underprovision in prior year	1	-	-	-
Review of statement on internal control				
- current year	5	5	5	5
Provision for doubtful debts	78	234	5,272	4
Rental of office premises	33	40	8	8
Property, plant and equipment written off	1	2	-	-
Impairment losses of:				
- investment in subsidiaries	-	-	3,339	7,196
- investment in quoted shares	-	1	-	-
- investment property	2,400	-	-	-

9. FINANCE INCOME

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Interest expense	(1)	-	-	-
Interest income from deposits	252	211	216	184
	251	211	216	184

10. SHARE OF RESULTS IN ASSOCIATES

	Group	
	2006	2005
	RM'000	RM'000
Share of profit for the financial year on:		
Audited financial statements	-	220

Notes to the Financial Statements (Cont'd)

30 June 2006

11. TAXATION

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Tax (income)/expense for the year:				
- current year	154	48	-	-
- under/(over) provision in prior years	3	(315)	-	(195)
	<u>157</u>	<u>(267)</u>	<u>-</u>	<u>(195)</u>

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before taxation	(3,563)	212	(8,760)	(7,343)
Taxation at Malaysian statutory tax rate of 28% (2005:28%)	(998)	59	(2,453)	(2,056)
Effect of income subject to tax rate of 20% (2005:20%)	(46)	(14)	-	-
Expenses not deductible for tax purposes	1,098	87	2,453	2,048
Income not subject to tax	(26)	(62)	-	-
Deferred tax assets not recognised during the year	264	125	-	8
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(138)	(147)	-	-
Under/(over) provision in prior years	3	(315)	-	(195)
Tax credit/(expense) for the year	<u>157</u>	<u>(267)</u>	<u>-</u>	<u>(195)</u>

Deferred tax assets have not been recognised in respect of the following items due to the recent history of losses:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Unabsorbed tax losses	75,578	77,948	7,324	7,322
Unutilised capital allowances	3,666	3,772	20	18
Other deductible temporary differences	8,409	8,364	-	-
	<u>87,653</u>	<u>90,084</u>	<u>7,344</u>	<u>7,340</u>

The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Company are subject to no substantial changes in shareholdings of the Company under Section 44(5A) & (5B) of the Income Tax Act, 1967.

Notes to the Financial Statements (Cont'd)

30 June 2006

12. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the Group's (loss)/profit after minority interest for the year by the number of ordinary shares in issue during the financial year.

	Group	
	2006	2005
Net (loss)/profit for the year (RM'000)	(3,543)	428
Number of ordinary shares in issue ('000)	278,660	278,660
Basic (loss)/earnings per share (sen)	(1.27)	0.15

(b) Diluted

For the purpose of calculating diluted earnings per share, the Group's (loss)/profit after minority interest for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from conversion of the 92,886,400 warrants. The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which would be adjusted on the conversion of the outstanding warrants into ordinary shares.

	Group	
	2006	2005
Net (loss)/profit for the year (RM'000)	(3,543)	428
Number of ordinary shares in issue ('000)	278,660	278,660
Adjustment for assumed conversion of warrants ('000)	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	278,660	278,660
Diluted (loss)/earnings per share (sen)	(1.27)	0.15

There is no dilutive effect for the current financial year as the market price of the warrants is lower than the exercise price and the effect on comparative diluted earnings per share is anti-dilutive. Accordingly, the diluted earnings per share for the current and comparative years are presented equal to basic (loss)/earnings per share.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land and Buildings RM'000	Plant and Machinery RM'000	Motor Vehicles RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Total RM'000
Group						
Cost						
At 1 July 2005	4,758	397	253	1,112	746	7,266
Additions	-	-	-	4	35	39
Disposals	-	-	(63)	-	-	(63)
Written off	-	-	-	(2)	(76)	(78)
At 30 June 2006	4,758	397	190	1,114	705	7,164

Notes to the Financial Statements (Cont'd)

30 June 2006

13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Leasehold Land and Buildings RM'000	Plant and Machinery RM'000	Motor Vehicles RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Total RM'000
Accumulated Depreciation						
At 1 July 2005	787	387	241	878	645	2,938
Charge for the year	70	3	3	60	48	184
Disposals	-	-	(63)	-	-	(63)
Written off	-	-	-	(1)	(76)	(77)
At 30 June 2006	857	390	181	937	617	2,982
Net Book Value						
At 30 June 2006	3,901	7	9	177	88	4,182
At 30 June 2005	3,971	10	12	234	101	4,328
At 1 July 2004						
Cost	4,758	759	482	1,134	771	7,904
Accumulated depreciation	717	743	420	828	608	3,316
Depreciation charge for 2005	70	3	34	71	72	250

Company	Office Equipment RM'000
Cost	
At 1 July 2005/ 30 June 2006	9
Accumulated Depreciation	
At 1 July 2005	6
Depreciation charge for the year	1
At 30 June 2006	7
Net Book Value	
At 30 June 2006	2
At 30 June 2005	3
At 1 July 2004	
Cost	13
Accumulated depreciation	9
Depreciation charge for 2005	1

Notes to the Financial Statements (Cont'd)

30 June 2006

13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Included in property, plant and equipment of the Group and of the Company are the following fully depreciated assets, at cost, which are still in use:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Plant and machinery	378	378	-	-
Motor vehicles	174	236	-	-
Furniture and fittings	566	319	-	-
Office equipment	489	393	2	2

14. INVESTMENT PROPERTY

	Freehold land RM'000
Group	
Cost	
At 1 July 2005/30 June 2006	6,788
Accumulated Impairment Losses	
At 1 July 2005	1,288
Impairment loss for the year	2,400
At 30 June 2006	3,688
Net Book Value	
At 30 June 2006	3,100
At 30 June 2005	5,500

The accumulated impairment losses on the freehold land has been arrived at based on an independent professional valuation conducted by Rahim & Co, on 22 August 2006 by using the Comparison Method.

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2006	2005
	RM'000	RM'000
Unquoted shares, at cost	201,447	201,447
Less: Accumulated impairment losses	(196,328)	(192,989)
	5,119	8,458

Notes to the Financial Statements (Cont'd)

30 June 2006

15. INVESTMENT IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows:

Name of Companies	Paid-up Capital RM	Effective Interests Held		Principal Activities
		2006 %	2005 %	
FCW Industries Sdn. Bhd.	68,198,400	100	100	Investment holding, provision of management services and trading in telecommunications equipment
Subsidiaries of FCW Industries Sdn. Bhd.:				
FCW Enterprise Sdn. Bhd.	8,000,000	100	100	Property investment
FCW Housing and Realty Development Sdn. Bhd.	5,000,000	100	100	Property development - dormant
Federal Telecommunications Sdn. Bhd.	5,000,000	100	100	Turnkey contracting, distribution and servicing of telecommunications equipment
Malco Metal Sdn. Bhd.**	2	100	100	Trading of metal and alloyed metal products - ceased operations
Teco Electrical Motor Machinery Mfg. Sdn. Bhd.**	2	100	100	Provision of management services - dormant
United Malaysian Steel Mills Berhad	3,000,000	77	77	Manufacturing and trading of steel products - ceased operations
Pioneer Multimedia Sdn. Bhd.**	2	100	100	Trading of telecommunications equipment - dormant
FT Spares & Services Sdn. Bhd.	100,000	100	100	Servicing of telecommunications equipment - dormant
Plusnet Communications Sdn. Bhd.	200,000	100	100	Retailing of telecommunications equipment

Notes to the Financial Statements (Cont'd)

30 June 2006

15. INVESTMENT IN SUBSIDIARIES (Cont'd)

Name of Companies	Paid-up Capital RM	Effective Interests Held		Principal Activities
		2006 %	2005 %	
Subsidiaries of Federal Telecommunications Sdn. Bhd.:				
FT Radiosystems Sdn. Bhd.	1,000,000	100	100	Distribution and servicing of telecommunications equipment
Pedoman Jitu Sdn. Bhd.*	451,550	100	89.8	Trading of telecommunications equipment - dormant
Subsidiaries of FT Radio-systems Sdn. Bhd.:				
Pager Communications Sdn. Bhd.*	150,000	100	100	Renting of communication access
Ultra Matrix Sdn. Bhd.	80,000	100	100	Investment holding - dormant
Cometron Sdn. Bhd.	120,004	68	68	Sale and hire of telecommunications equipment and electronic goods and the provision of paging services
Digiphonic Sistem Sdn. Bhd.	1,000,000	55	55	Trading of electronic telecommunications equipment
Subsidiary of Digiphonic Sistem Sdn. Bhd.:				
Digiphonic Servis Sdn. Bhd.	50,000	55	55	Servicing of electronic telecommunications equipment - ceased operations

All the above companies are incorporated in Malaysia.

* Audited by firm of auditors other than Ernst & Young

** In the process of strike off from Companies Commission of Malaysia.

On 23 August 2005, Federal Telecommunications Sdn. Bhd. ("FTSB") had entered into an agreement with Azmi bin Khalid to accept the transfer of 51,000 ordinary shares of RM1 each called and paid up at RM0.05 each from the latter, representing 10.2% equity interest in Pedoman Jitu Sdn. Bhd. ("PJSB") for a sale consideration of RM1. Following the transfer, PJSB became a wholly owned subsidiary of FTSB.

Notes to the Financial Statements (Cont'd)

30 June 2006

16. INVESTMENT IN ASSOCIATES

	Group	
	2006	2005
	RM'000	RM'000
Unquoted shares, at cost	38,003	38,003
Share of post-acquisition reserves	(28,785)	(28,785)
Less: Accumulated impairment losses	(8,998)	(8,998)
	<u>220</u>	<u>220</u>
Represented by:		
Share of net tangible assets	10,783	10,783
Premium on acquisition	(1,565)	(1,565)
Less: Accumulated impairment losses	(8,998)	(8,998)
	<u>220</u>	<u>220</u>

The associates, all of which are incorporated in Malaysia and held by the Company through its subsidiary, FCW Industries Sdn. Bhd. except as indicated, are:

Name of Companies	Financial Year End	Equity Interests Held		Principal Activities
		2006 %	2005 %	
Federal Power Sdn. Bhd.	31 December	29.68	29.68	Manufacture and sale of power cables and electrical conductors
Fujikura Federal Cables Sdn. Bhd.	31 December	42.54	42.54	Manufacture and marketing of power, telecommunications cables and wires
Widenet Technology Sdn. Bhd. *	30 June	27.2	27.2	Trunk radio system operator
Ghamal Industries Company Limited **	31 December	27.5	27.5	Design, supply, installation, testing and commissioning of the Copper Subscribes Access Network in Ghana - dormant

* Held by Cometron Sdn. Bhd.

** Incorporated in Ghana

Notes to the Financial Statements (Cont'd)

30 June 2006

17. OTHER INVESTMENTS

	Group	
	2006	2005
	RM'000	RM'000
Quoted investments in Malaysia, at cost	8	8
Less: Accumulated impairment losses	(7)	(7)
	<u>1</u>	<u>1</u>
Market value of quoted investments in Malaysia	<u>1</u>	<u>1</u>

18. INVENTORIES

	Group	
	2006	2005
	RM'000	RM'000
Trading inventories:		
- At cost	4,451	4,071
- At net realisable value	52	78
	<u>4,503</u>	<u>4,149</u>

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM10,738,000 (2005: RM15,728,000).

19. DUE FROM CONTRACT CUSTOMERS

	Group	
	2006	2005
	RM'000	RM'000
Contract costs incurred to date	8,978	8,820
Attributable profits	2,642	2,638
	<u>11,620</u>	<u>11,458</u>
Less: Progress billings	(11,477)	(11,364)
Due from contract customers	<u>143</u>	<u>94</u>
Contract costs recognised as an expense	<u>109</u>	<u>310</u>

Included in the amount due from contract customers is retention sum of RM36,000 (2005: RM17,000).

Notes to the Financial Statements (Cont'd)

30 June 2006

20. TRADE RECEIVABLES

	Group	
	2006 RM'000	2005 RM'000
Trade receivables	5,562	6,299
Less: Provision for doubtful debts	(3,141)	(3,092)
	<u>2,421</u>	<u>3,207</u>

The Group's normal credit term is 30 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

21. OTHER RECEIVABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Sundry receivables	169	207	30	-
Prepayments	28	54	6	6
Deposits	62	35	4	4
Tax recoverable	302	491	-	-
	<u>561</u>	<u>787</u>	<u>40</u>	<u>10</u>
Less: Provision for doubtful debts	(31)	(66)	-	-
	<u>530</u>	<u>721</u>	<u>40</u>	<u>10</u>

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors in other receivables.

22. DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

23. DUE FROM ASSOCIATES

The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment.

Notes to the Financial Statements (Cont'd)

30 June 2006

24. CASH AND BANK BALANCES

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at bank	793	1,028	200	130
Deposits with licensed banks	10,634	10,333	7,750	9,500
	<u>11,427</u>	<u>11,361</u>	<u>7,950</u>	<u>9,630</u>

Deposits with licensed banks of the Group amounting to RM14,000 (2005: RM14,000) was pledged with a licensed bank for banking facility.

The weighted average effective interest rate of deposits at the balance sheet date of the Group and of the Company was 2.4% (2005: 2.00%) per annum and the maturity period ranges from 7 to 30 days (2005: 7 to 30 days).

25. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days. Trade supplies from foreign suppliers are procured on cash term basis.

26. OTHER PAYABLES

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Advances received	8	14	-	-
Sundry payables	243	197	10	25
Accruals	1,500	985	174	162
	<u>1,751</u>	<u>1,196</u>	<u>184</u>	<u>187</u>

27. SHARE CAPITAL

	Number of Ordinary Share of RM0.50 Each		Amount	
	2006	2005	2006	2005
	'000	'000	RM'000	RM'000
Authorised:				
At 1 July/30 June	<u>600,000</u>	<u>600,000</u>	<u>300,000</u>	<u>300,000</u>
Issued and fully paid:				
At 1 July/30 June	<u>278,660</u>	<u>278,660</u>	<u>139,330</u>	<u>139,330</u>

Warrants

On 26 May 2003, the Company issued 92,886,400 warrants in conjunction with the rights issue of 92,886,400 ordinary shares of the Company implemented in that financial year.

The Warrants are constituted by a Deed Poll dated 24 June 2005 made by the Company. Each Warrant entitles its registered holder the right to subscribe for one ordinary share of RM0.50 each in the Company at a subscription price of RM0.50 per new ordinary share at any time during a period of ten years commencing from 12 November 2003 until 5.00pm on 11 November 2013.

Notes to the Financial Statements (Cont'd)

30 June 2006

27. SHARE CAPITAL (Cont'd)

The new shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the existing issued and fully paid-up shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the new shares arising from the exercise of the Warrants.

During the financial year, no warrants were converted into ordinary shares. The number of outstanding warrants as at 30 June 2006 is 92,886,400 (2005: 92,886,400).

28. RESERVES

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Share premium	9,008	9,008	9,008	9,008
Capital reserve	2,900	13,821	-	-
	11,908	22,829	9,008	9,008
Accumulated losses	(127,519)	(134,897)	(129,944)	(121,184)
	(115,611)	(112,068)	(120,936)	(112,176)

Movements in reserves are shown in the respective statements of changes in equity.

The nature and purpose of each category of reserve are as follows:

(a) Share premium

This amount arose from premium on the issue of ordinary shares above par value.

(b) Capital reserve

	Group	
	2006	2005
	RM'000	RM'000
Capitalisation of earnings for bonus issues by subsidiaries	2,900	2,900
Share of surplus arising from revaluation of freehold land, long term leasehold land and buildings in an associate of a subsidiary	10,666	10,666
Share of share premium after rights issue and effect on dilution of shareholding in an associate	255	255
	13,821	13,821
Less: Impairment losses in an associate of a subsidiary	(10,921)	-
	2,900	13,821

Notes to the Financial Statements (Cont'd)

30 June 2006

29. CONTINGENT LIABILITIES

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Corporate guarantee to financial institutions for credit facilities granted to subsidiaries	-	-	31,300	31,300
Bank guarantee for performance guarantee and utilities	451	536	-	-

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Subsidiary				
- FCW Industries Sdn. Bhd.				
Management fee income	-	-	369	369
Management fee expense	-	-	72	72
Rental expense	-	-	8	8
Associate				
- Widenet Technology Sdn. Bhd.				
Rental of equipment	2	2	-	-

The directors are of the opinion that the above transactions 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.

31. SIGNIFICANT EVENTS

- a) On 8 May 2006, the Company announced that it has been determined by the Bursa Malaysia Securities Berhad ("BMSB") as having inadequate level of shareholders' equity on a consolidated basis to the paid up capital pursuant to paragraph 2.1 of the amended PN17 under the Listing Requirement of BMSB.

The Group's shareholders' equity on an unaudited consolidated basis as at 31 December 2005 is less than the required minimum level of 25%.

The Group has 31 weeks or approximately 8 months from the first announcement (8 May 2006) to submit a Regularisation Plan to the relevant authorities. As of the date of this report, the Group has yet to disclose any Regularisation Plan.

Notes to the Financial Statements (Cont'd)

30 June 2006

31. SIGNIFICANT EVENTS (Cont'd)

- b) On 22 June 2006, FCW Industries Sdn. Bhd. ("FCWI"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Scenicmart (M) Sdn. Bhd. ("Purchaser") for the disposal of two pieces of land on HSD 160373 and HSD 19212 together with buildings attached to the said lands (to be collectively referred to as the Property) for a sales consideration of RM6.2 million ("Sales Proceed") on a willing buyer willing seller basis.

As at the balance sheet date, FCWI received the sum of RM620,000 equivalent to 10% of Sales Proceed as earnest deposit from the Purchaser. The balance of the Sales Proceed, the sum of RM5.58 million will be paid within 4 months from the date of the agreement.

The disposal will be completed upon full payment of the sales consideration.

32. SUBSEQUENT EVENTS

- a) On 4 July 2006, Cometron Sdn. Bhd. ("CSB") entered into a settlement agreement with Widenet Distributor Sdn. Bhd. ("WDSB") and Pager Communication Sdn. Bhd. ("PCSB") in respect of the settlement of the entire affairs of Widenet Technology Sdn. Bhd. ("WTSB"), a joint venture company established by CSB and WDSB to operate telecommunication business.

WDSB and CSB agreed to settle the entire affairs as follows:

- i) CSB will dispose off its entire 40% equity interest in WTSB to WDSB for a consideration of RM346,000;
 - ii) The entire collection by CSB on behalf of the WTSB will be transferred to WTSB;
 - iii) The CSB book debts amounting to approximately RM289,505 will be assigned to the lawyer for recovery and on recovery, the net proceeds less legal costs and expenses, will be shared as follows:
 - a) WDSB 66.56%
 - b) CSB 30.58%
 - c) PCSB 2.86%; and
 - iv) WDSB will be fully responsible for recovery of the WTSB Book Debt and solely bear the risk of non-collection.
- b) On 11 September 2006 ("date of agreement"), FT Radiosystems Sdn. Bhd. ("Company") entered into a sales of shares agreement ("SSA") with Tan Sri Dato' Zuki Bin Kamaluddin ("the purchaser") in respect of the disposal of its entire 55% equity interests in Digiphonic Sistem Sdn. Bhd. ("DSSB"), representing 550,000 ordinary shares in DSSB for a consideration of RM 550,000 ("selling price") on a willing buyer willing seller basis.

These shares are sold by the Company to the purchaser free from all encumbrances, claims, charges, liens and equities and with all rights attaching thereto as from the date of agreement.

Upon the execution of the SSA, the purchaser had paid RM 55,000 by way of deposit and in part payment of the selling price. The sum of RM 495,000, being the balance of the selling price will be paid upon fulfilment of all the Conditions Precedent or completion date. The purchaser shall procure DSSB to repay the shareholders advances amounting to RM 350,086 to the Company prior to the completion date.

As of the date of this report, the disposal has not completed pending fulfilment of all Conditions Precedent.

Notes to the Financial Statements (Cont'd)

30 June 2006

32. SUBSEQUENT EVENTS (Cont'd)

- c) Subsequent to the balance sheet date, Cometron Sdn. Bhd. and Pager Communication Sdn. Bhd. had on 2 October 2006 subscribed for 1 ordinary share of RM1 each respectively in a private company Hasyon Technologies Sdn. Bhd. ("HTSB") at par, representing 20% equity interest each in HTSB.

33. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the businesses whilst managing its liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

Financial risk management is carried out through risk reviews, internal control system and adherence to the Group's financial risk management policies.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts; the Group had no substantial interest-bearing assets as at 30 June 2006. The investments in financial assets are mainly short term in nature and they are not held for speculative purpose but have been mostly placed in fixed deposits.

The fluctuation in interest rates, if any, is not expected to have a material impact on the financial performance of the Group in view of the quantum of the financial assets and liabilities that are subject to interest rate fluctuation.

(c) Foreign Exchange Risk

The Group is exposed to foreign currency exchange risk as a result of transactions denominated in foreign currencies, mainly United States Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases which give rise to foreign exchange exposures. No hedging instrument was entered into to hedge financial assets and financial liabilities of the Group.

(d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

(e) Credit Risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Notes to the Financial Statements (Cont'd)

30 June 2006

33. FINANCIAL INSTRUMENTS (Cont'd)

(f) Market Risk

The Group's exposure to market risk arises from changes in market price of its quoted investments. However, as the amount of quoted investments held is insignificant and the Group has no intention to further invest in quoted investments, as such any short term unfavourable changes in market price has minimal impact to the Group.

(g) Fair Values

The carrying amounts of receivables, cash and bank balances and payables approximate their fair values due to the relatively short term maturity of these financial instruments.

It is not practicable to estimate the fair values of the amounts due from/to subsidiaries and associates due principally to a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

34. SEGMENTAL REPORTING

No segmental reporting has been prepared as the Group's activities are predominantly in the telecommunications industry in Malaysia.

Analysis of Shareholdings

as at 26 October 2006

A. SHARE CAPITAL

Authorised Share Capital	RM300,000,000 (600,000,000 ordinary shares of RM0.50 each)
Issued & Paid-Up Share Capital	RM139,329,600 (278,659,200 ordinary shares of RM0.50 each)
Voting Rights	One vote for each ordinary share held

B. DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	No. of Shares	%
1 - 99	397	10,121	0.00
100 - 1,000	3,011	2,791,894	1.00
1,001 - 10,000	8,880	39,566,625	14.20
10,001 - 100,000	2,335	67,265,551	24.14
100,001 to less than 5% of issued shares	169	141,169,909	50.66
5% and above of issued shares	1	27,855,100	10.00
	14,793	278,659,200	100.00

C. THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Tan Sri Dato' Tan Hua Choon	27,855,100	9.99
2.	Wong Chee Choon	12,908,100	4.63
3.	Tan Ching Ching	12,891,500	4.63
4.	Employees Provident Fund Board	11,378,000	4.08
5.	Low Cheng Peng	10,944,200	3.93
6.	Puan Sri Datin Poo Choo @ Ong Poo Choi	10,720,100	3.85
7.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Huey Peng	10,221,100	3.67
8.	Ong Har Hong	10,101,300	3.63
9.	Tan Han Chuan	7,248,400	2.60
10.	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera Permodalan Nasional Berhad	6,423,816	2.31
11.	Lembaga Tabung Haji	5,521,339	1.98
12.	Puan Sri Datin Poo Choo @ Ong Poo Choi	3,138,400	1.13
13.	Mepro Holdings Berhad	1,398,700	0.50
14.	Universiti Malaya	1,056,000	0.38
15.	Sin Len Moi	1,045,600	0.38
16.	Batu Bara Resources Corporation Sdn Bhd	1,000,000	0.36
17.	Lee Bee Cheng	1,000,000	0.36
18.	HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Imran Ho Bin Abdullah	720,000	0.26

Analysis of Shareholdings (Cont'd)

as at 26 October 2006

C. THIRTY LARGEST SHAREHOLDERS (Cont'd)

No.	Name of Shareholders	No. of Shares	%
19.	United Overseas Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sushil Kaur A/P Dulla Singh	700,000	0.25
20.	Yam Kim Man	699,000	0.25
21.	Lim Ah Yoke @ Lim Sow Yoke	690,000	0.25
22.	Sin Len Moi	584,000	0.21
23.	Ng Bee Ling	569,000	0.20
24.	Tong Kim Fatt @ Allen Tong	560,800	0.20
25.	Harbans Kaur A/P Ranjit Singh	560,000	0.20
26.	Song Huat Chan Holdings Sdn Bhd	500,000	0.18
27.	Permodalan Nasional Berhad	478,254	0.17
28.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Mook Leong	470,000	0.17
29.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Hian Hock	445,900	0.16
30.	Khaw Kok Aun	440,000	0.16

D. SUBSTANTIAL SHAREHOLDERS

(Pursuant to Section 69E of the Companies Act, 1965)

Name of Shareholder	No. of Shares	%
Tan Sri Dato' Tan Hua Choon	27,855,100	9.99

E. DIRECTORS' INTERESTS IN SHARES

Name of Shareholder	No. of Shares	%
Tan Sri Dato' Tan Hua Choon	27,855,100	9.99

Analysis of Warrant Holdings

as at 26 October 2006

A. WARRANTS

Issued	92,886,400
Exercised todate	NIL
Outstanding	92,886,400
Class of Securities	Warrants 2003/2013
Voting Rights	Every warrant holder present in person or by proxy shall be entitled by a show of hands to one (1) vote and every warrant holder present in person or by proxy shall be entitled on a poll to one (1) vote for each share to which such holder would be entitled at the exercise price on the exercise in full of the subscription rights represented by such holder's warrant.

B. DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	No. of Warrants	%
1 - 99	255	5,028	0.01
100 - 1,000	1,503	1,149,545	1.24
1,001 - 10,000	2,192	9,842,124	10.59
10,001 - 100,000	840	28,097,591	30.25
100,001 to less than 5% of issued warrants	118	36,499,812	39.29
5% and above of issued warrants	2	17,292,300	18.62
	4,910	92,886,400	100.00

C. THIRTY LARGEST WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrants	%
1.	Tan Sri Dato' Tan Hua Choon	12,250,100	13.19
2.	Tan Yu Wei	5,042,200	5.43
3.	Chong Kim Lieong	3,115,900	3.35
4.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	2,000,000	2.15
5.	Yeap Hup Suan	1,800,000	1.94
6.	Harbans Kaur A/P Ranjit Singh	1,429,200	1.54
7.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG London for North Northwest Fund	1,170,800	1.26
8.	Lim Tuan Guan	1,080,000	1.16
9.	Tan Lee Hon	1,000,000	1.08
10.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Seng Nam	1,000,000	1.08
11.	AMMB Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan	800,000	0.86
12.	Ooi Siew Bee	700,000	0.75

Analysis of Warrant Holdings (Cont'd)

as at 26 October 2006

C. THIRTY LARGEST WARRANT HOLDERS (Cont'd)

No.	Name of Warrant Holders	No. of Warrants	%
13.	Su An Lee	664,400	0.72
14.	AMMB Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Tabung Baitumal Sarawak	600,000	0.65
15.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG London for Northwest Asia X Ltd	584,900	0.63
16.	Tay Teck Ho	521,100	0.56
17.	Tan Eng Meng	500,000	0.54
18.	Chap Kar Kar	445,500	0.48
19.	AMMB Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Bintulu Development Authority	400,000	0.43
20.	Augustine Christopher Nathan	400,000	0.43
21.	Khushwant Singh A/L Bir Singh	400,000	0.43
22.	Tan Pak Nang	391,800	0.42
23.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Meng Chue @ Leng Yit Hoong	319,800	0.34
24.	Ching Kean Lam	309,000	0.33
25.	HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Ang De Yu	302,100	0.33
26.	Kok Yoon Yeen	300,100	0.32
27.	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Sin Hung	300,000	0.32
28.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Sin Hung	300,000	0.32
29.	Lim Bee Ai	300,000	0.32
30.	Lee Soon Long	290,000	0.31

D. DIRECTORS' INTERESTS IN WARRANTS

Name of Director	No of Warrants	%
Tan Sri Dato' Tan Hua Choon	12,250,100	13.19

No deemed interests held by director

List of Properties

as at 30 June 2006

LOCATION	DESCRIPTION	EXISTING USE / AGE OF BUILDING	TENURE	NET BOOK VALUE AS AT 30.06.2006 (RM)	DATE OF LAST REVALUATION (R)/ DATE OF ACQUISITION (A)
PT 2A, Jalan 227 Section 20A Bandar Petaling Jaya Daerah Kuala Lumpur (Lot 2, Jalan 222 Section 51A 46100 Petaling Jaya Selangor Darul Ehsan)	Land with office building (Area: 28,314 sq.ft.)	Office/ Approximately 37 years	Leasehold 99 years (1963-2062)	3,900,860	11 March 1994 (A)
Lot No. PT23533 HS(D) 252/94 Mukim Sungai Petani District of Kuala Muda Kedah Darul Aman	Land approved for Commercial Development (Area: 153,555 sq.ft.)	Vacant	Freehold	3,100,000	22 August 2006 (R)



Proxy Form

FCW HOLDINGS BERHAD
(3116-K) (Incorporated in Malaysia)

I/We _____ NRIC No./Company No. _____
(full name in block letters)

of _____
(full address)

being a member of **FCW HOLDINGS BERHAD** hereby appoint _____

_____ NRIC No. _____
(full name in block letters)

of _____
(full address)

representing _____ percentage (%) of my/our shareholdings in the Company and/or failing him/her

_____ NRIC No. _____
(full name in block letters)

of _____
(full address)

representing _____ percentage(%) of my/our shareholdings in the Company and/or failing him/her/them, the **Chairman of the Meeting**, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Fifty-First Annual General Meeting ("51st AGM") of the shareholders of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Friday, 22 December 2006 at 3.30 p.m. or any adjournment thereof.

The proxy is to vote on the Resolutions set out in the notice of the 51st AGM as indicated with an 'X' in the appropriate spaces. If no voting instructions are given, the proxy may vote or abstain from voting at his/her discretion.

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution No. 1		
Ordinary Resolution No. 2		
Ordinary Resolution No. 3(a)		
Ordinary Resolution No. 3(b)		
Ordinary Resolution No. 4		

Signature(s)/Seal

No. of shares held

Signed this _____ day of _____, 2006.

Notes :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (but not more than two) to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment(s) shall be invalid.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. The Proxy Form shall be deposited with the Company's Registered Office at No. 8, 3rd Floor, Jalan Segambut, 51200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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FCW HOLDINGS BERHAD
(3116-K)

No.8, 3rd Floor
Jalan Segambut
51200 Kuala Lumpur

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