FCW

FCW HOLDINGS BERHAD

3116-K

Annual Report 2007

CONTENTS

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-Second 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 Tuesday, 11 December 2007 at 11.00 a.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 2007 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 2007. **Ordinary Resolution 2**

3. To re-elect the following Directors retiring in accordance with Article 83 of the Company's Articles of Association:
   (a) Mr Ong Bing Yap; and **Ordinary Resolution 3(a)**
   (b) Ms Lim Lai Sam **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
19 November 2007

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 atNo. 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.

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

Malayan Banking Berhad
RHB Bank Berhad

REGISTRARS (SHARE/WARRANT)

Shareworks Sdn Bhd
No. 10-1, Jalan Sri Hartamas 8,
Sri Hartamas, 50480 Kuala Lumpur
Tel : (603) 6201 1120
Fax : (603) 6201 3121

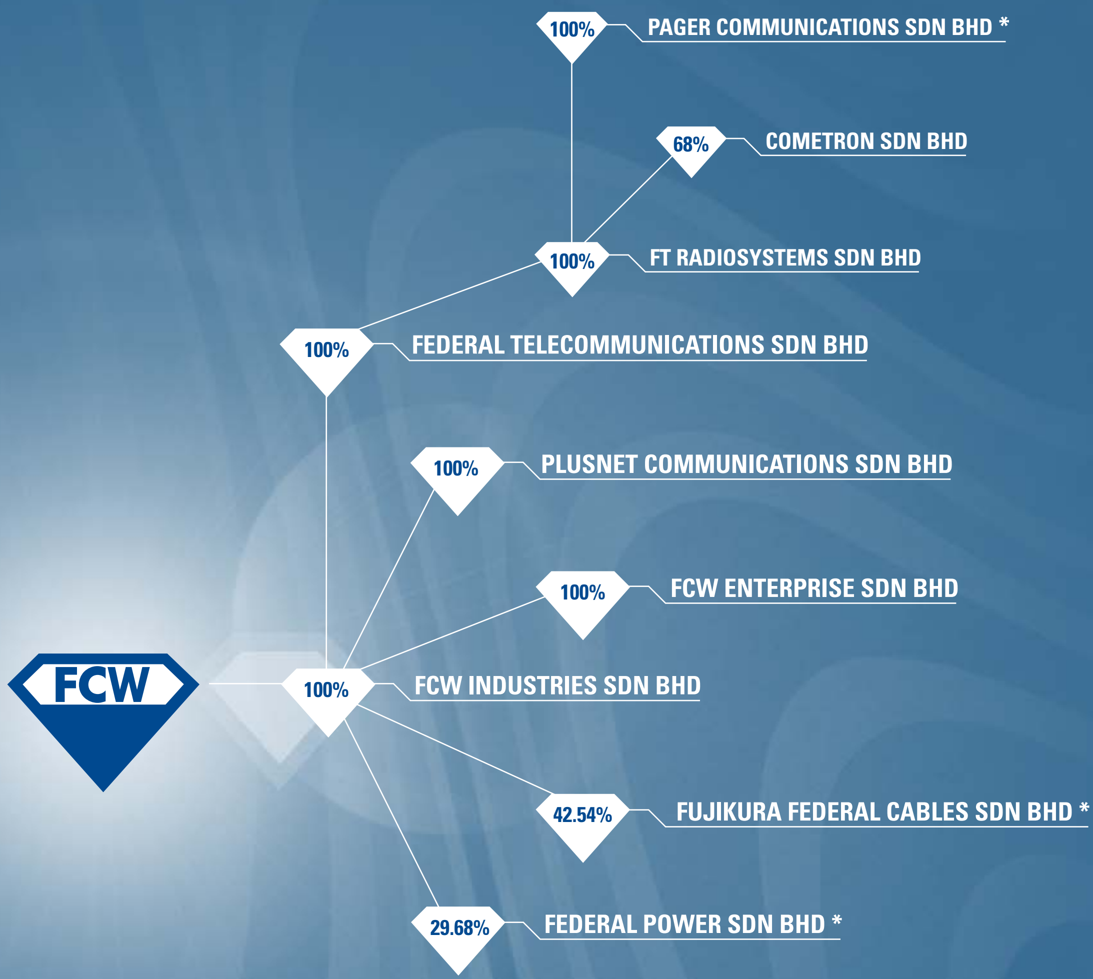
AUDITORS

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



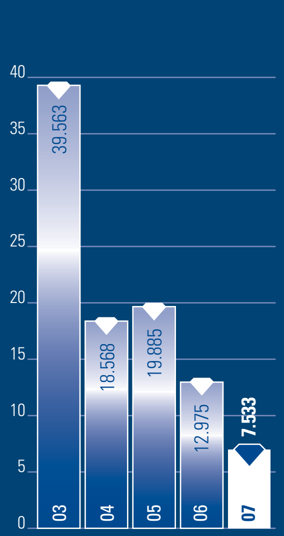
* Not audited by Messrs Ernst & Young

Note: Companies which are dormant or which have ceased operations are excluded.

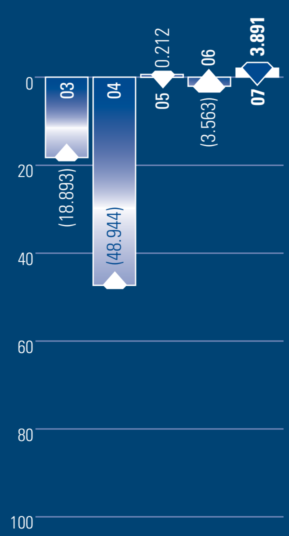
Financial Highlights

		2003 RM Million	2004 RM Million	2005 RM Million	2006 RM Million	2007 RM Million
Revenue		39.563	18.568	19.885	12.975	**7.533**
Profit / (Loss) Before Tax		(18.893)	(48.944)	0.212	(3.563)	**3.891**
Profit / (Loss) After Tax and Minority Interest Attributable to Shareholders		(19.526)	(49.223)	0.428	(3.543)	**4.019**
Dividends - Net		-	-	-	-	**-**
Shareholders' Funds		49.813*	26.838	27.262	23.719	**27.542**
Earnings / (Loss) Per Share Based on Profit / (Loss) After Tax and Minority Interest (sen)	Basic	(9.60)*	(19.80)	0.15	(1.27)	**1.44**
	Diluted	-	(19.80)	0.15	(1.27)	**1.44**
Net Tangible Assets per Share (RM)		0.27*	0.10	0.10	0.09	**0.10**
Dividend Rate		-	-	-	-	**-**

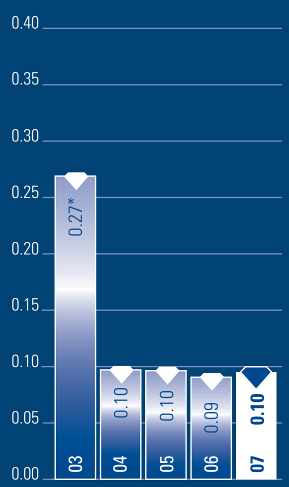
* Figures have been restated to reflect the prior year adjustment in respect of the accrual for certain holding costs incorrectly taken up in prior years.



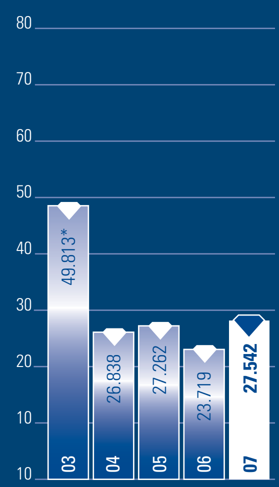
Revenue
(RM Million)



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 66, 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 a 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, Malaysia Aica Berhad and Marco Holdings Berhad.

DATO' ISMAIL BIN HAMZAH

Aged 61, 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 many years of experience in various aspects from economics to finance. Dato' Ismail also serves on the board of GUH Holdings Berhad, PDZ Holdings Bhd, Engtex Group Bhd and TH Group Bhd.

ONG BING YAP

Aged 57, 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.

THOR POH SENG

Aged 47, 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 (now known as CIMB Investment Bank 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 40, 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 43, 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 2007.

Financial Review

For the financial year ended 30 June 2007, the Group recorded profit before tax of RM3.891 million as compared to the previous year's loss before tax of RM3.563 million. This was achieved despite a smaller revenue of RM7.533 million as compared to the preceding year's revenue of RM12.975 million. Earnings per share improved to 1.44 sen against the previous year's loss per share of 1.27 sen.

Performance Review

The improvement in results over the previous year's was mainly attributed to the Group's share of results in an associate company, Fujikura Federal Cables Sdn. Bhd., which contributed RM4.218 million as well as gain on disposal of property, plant and equipment of RM2.303 million.

As the sales of industrial communication equipment under various contracts continued to taper off, the Group's turnover was mainly generated from the sales of walkie-talkie equipment. Operational expenses were further streamlined during the year with the relocation of the office and warehouse to more suitably sized premises following the disposal of the leasehold land and building.

Prospects

With the disposal of our 55% owned subsidiary, Digiphonic System Sdn Bhd, we have trimmed our telecommunication equipment supply business further. This business segment has suffered due to keen competition and the low barrier of entry into the market.

Among the proposals approved by the shareholders at the Extraordinary General Meeting of 29 August 2007, as part of the Company's regularisation plan, was the acquisitions of several pieces of freehold land and buildings which would enable FCW to diversify its business to include property rental. The property rental business will generate consistent and recurrent future income and the acquisitions will enable FCW to benefit from any future capital appreciation on the land and buildings

Dividends

No dividend has been declared or recommended for the financial year ended 30 June 2007.

Appreciation

On behalf of the Board, I wish to thank 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.

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 2007. 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 professions 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 chairs the Group's management meetings wherein operational details and other issues are discussed and considered. Apart from the management meetings, the Executive Director also holds informal meetings with the other members of the Board whenever necessary.

There were two official Board Meetings held during the reporting financial year with full attendance of the Board of Directors.

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 2007 are set out in pages 16 to 19 of this Annual Report.

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.

A. BOARD OF DIRECTORS (CONT'D)

ii) Board Committees (cont'd)

Nomination Committee

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.

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 comprises 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 composition 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.

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 Secretary, Management representatives and independent professional advisers, whenever 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 to have sufficient time to study 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 decisions 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

Appointments of new directors will first be considered and evaluated by the Nomination Committee, through a formal and transparent selection procedure, after which appropriate recommendations 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.

A. BOARD OF DIRECTORS (CONT'D)

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.

B. DIRECTORS' REMUNERATION

i) Level and make-up

The Board as a whole reviews the levels of remuneration offered to 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 2007 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	216,384	-	216,384
(c) Estimated value of benefits-in-kind	7,200	-	7,200
Total	**223,584**	**48,000**	**271,584**

B. DIRECTORS' REMUNERATION (CONT'D)

iii) Disclosure

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**

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 forum 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, Accountant 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 the Group'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 20 to 22 of this Annual Report.

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 16 to 19 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 2007, 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

Non Audit Fee

Non audit fee payable to the external auditors by the Group for the financial year ended 30 June 2007 amounted to RM80,000.00.

Material Contracts Involving Directors' and Major Shareholders' Interests

Save as disclosed below, there were no material contracts entered into by the Group which involved directors' and major shareholders' interests during the reporting financial year :-

(a) Conditional Sale and Purchase Agreement ("SPA") dated 12 January 2007 between Federal Telecommunications Sdn Bhd ("FTSB"), a wholly owned subsidiary of FCW Holdings Berhad ("FCW"), and Goh Ban Huat Berhad ("GBH") for the acquisition by FTSB of all the pieces of freehold land held under Geran Mukim 1452 Lot 4722 and Geran Mukim 335 Lot 32661, both in the Mukim of Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan together with 9 independent blocks of warehouses erected thereon bearing postal address Lot 32661, Jalan Segambut, 51200 Kuala Lumpur, for a cash consideration of RM55 million upon the terms and conditions as set out in the SPA.

(b) Conditional Sale and Purchase Agreement ("SPA") dated 12 January 2007 between FCW Industries Sdn Bhd ("FCWI"), a wholly owned subsidiary of FCW, and GBH Clay Pipes Sdn Bhd, a wholly owned subsidiary of GBH, for the acquisition by FCWI of the piece of freehold land held under Geran Mukim 6242 Lot 54833, Mukim of Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan together with a single storey office with 4 adjoining single-storey factories erected thereon bearing postal address 368, Jalan Segambut, 51200 Kuala Lumpur, for a cash consideration of RM31 million upon the terms and conditions as set out in the SPA.

    Tan Sri Dato' Tan Hua Choon is a director and major shareholder of FCW and a major shareholder of GBH. He is deemed interested in above transactions.

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 2007 with full attendance from the Committee members. The composition and memberships of the FCW Audit Committee were as follows :

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

The Executive Director, Group Financial Controller, 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.

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;

TERMS OF REFERENCE (CONT'D)

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.

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 2007, 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 2006, prior to their adoption by the Board and for release to BMSB, 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.

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 adequacy of the existing policies, procedures and systems of internal control of the Group.

4. Discussed with the external auditors, the applicability and the impact of any accounting standards.

5. 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.

ACTIVITIES OF THE COMMITTEE (CONT'D)

6. Reviewed the Standard Operating Policies and Procedures covering the areas of Payments and Collections, Human Resources and Moving of Stocks, Verifications of Fixed Assets Written-Off, Accounts Balances and Stock Balances, and Review of Sales Pricing.

7. 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.

8. Reviewed with the external auditors, the Internal Control Statement of the Group for inclusion in the Company's Annual Report.

9. 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 2006.

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 in ensuring the systems of Internal Control operates effectively within the Group.

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 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 on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. 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 and significant risks identified 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 focus on the areas of risks identified with priority towards the management of the significant risks impacting the achievement of the business objectives of the Group. This Group Risk Profile is subject 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.

INTERNAL CONTROL STRUCTURE (CONT'D)

- **Organisation 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 organisation 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.

- **Authority Levels**

  Clearly defined authorisation levels for various aspects of the business are set out in a formalised 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 Group 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. These budgets are submitted to the Executive Director for review and approval. Key variances from budget are reported monthly and followed up by management.

  Investments and projects are subject to formal review and authorisation 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 in payments, collections, payments policies and procedures, human resources, verification of stocks and fixed assets, certain account balances and sales pricing review.

- **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 formalised. 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 is 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.

FINANCIAL STATEMENTS

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 2007.

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 14 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
Profit/(loss) for the year	3,947	(1,475)
Attributable to:		
Equity holders of the Company	4,019	(1,475)
Minority interests	(72)	-
	3,947	(1,475)

There were no material transfers to or from reserves or provisions during the financial year.

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

Since the end of the previous financial year, no dividend has been paid or declared by the Company.

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.

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 or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) 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 →			
	1.7.2006	**Acquired**	**Sold/ Adjustment**	**30.6.2007**
The Company				
Direct Interest				
Tan Sri Dato' Tan Hua Choon	27,855,100	-	-	27,855,100
Indirect Interest				
Tan Sri Dato' Tan Hua Choon	33,998,400	-	(33,998,400)*	-

	← Number of Warrants →			
	1.7.2006	**Acquired**	**Sold**	**30.6.2007**
The Company				
Direct Interest				
Tan Sri Dato' Tan Hua Choon	12,250,100	-	-	12,250,100

* The adjustment made is due to cessation of deemed interest in the Company.

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 2007, there are 92,886,400 (2006: 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 allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

(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 allowance 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) As 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 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 EVENTS

Details of significant events are disclosed in Note 27 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 dated 18 October 2007.

TAN SRI DATO' TAN HUA CHOON **ONG BING YAP**

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 30 to 68 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2007 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 dated 18 October 2007.

Tan Sri Dato' Tan Hua Choon

Ong Bing Yap

Statutory Declaration

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

I, Tang Tat Chun, being the officer primarily responsible for the financial management of FCW HOLDINGS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 30 to 68 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 Tang Tat Chun
at Kuala Lumpur in the Federal
Territory on 18 October 2007.

Tang Tat Chun

Before me,

Soh Ah Kau
No: W 315
Commissioner for Oaths

Report of the Auditors

to the Member of FCW HOLDINGS BERHAD

We have audited the financial statements set out on pages 30 to 68. 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 Financial Reporting 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 2007 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 14 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

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

Kuala Lumpur, Malaysia
18 October 2007

Income Statements

For the Year Ended 30 June 2007

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Revenue	3	7,533	12,975	369	369
Cost of sales	4	(6,651)	(11,217)	-	-
Gross profit		882	1,758	369	369
Other income	5	3,274	499	128	216
Administrative expenses		(1,752)	(903)	(1,074)	(355)
Selling and marketing expenses		(208)	(171)	(95)	(11)
Other expenses		(2,523)	(4,745)	(796)	(8,979)
Operating loss		(327)	(3,562)	(1,468)	(8,760)
Finance costs	6	-	(1)	-	-
Share of profit of associates		4,218	-	-	-
Profit/(loss) before tax	7	3,891	(3,563)	(1,468)	(8,760)
Income tax benefit/(expense)	10	56	(157)	(7)	-
Profit/(loss) for the year		3,947	(3,720)	(1,475)	(8,760)
Attributable to:					
Equity holders of the Company		4,019	(3,543)	(1,475)	(8,760)
Minority interests		(72)	(177)	-	-
		3,947	(3,720)	(1,475)	(8,760)
Earnings/(loss) per share attributable to equity holders of the Company (sen):					
Basic, for profit/(loss) for the year	11	1.44	(1.27)		
Diluted, for profit/(loss) for the year	11	1.44	(1.27)		

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

Balance Sheets

As at 30 June 2007

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	199	4,182	1	2
Investment property	13	3,100	3,100	-	-
Investment in subsidiaries	14	-	-	5,119	5,119
Investment in associates	15	4,218	220	-	-
Other investments	16	1	1	-	-
		7,518	7,503	5,120	5,121
Current assets					
Inventories	17	3,805	4,503	-	-
Trade and other receivables	18	10,951	3,332	15,203	10,325
Tax recoverable		31	302	-	-
Cash and bank balances	20	6,840	11,427	1,817	7,950
		21,627	19,564	17,020	18,275
TOTAL ASSETS		29,145	27,067	22,140	23,396
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	22	139,330	139,330	139,330	139,330
Reserves	23	(111,788)	(115,611)	(122,411)	(120,936)
		27,542	23,719	16,919	18,394
Minority interests		-	566	-	-
Total equity		27,542	24,285	16,919	18,394
Current liabilties					
Trade and other payables	21	1,302	2,409	5,221	5,002
Current tax payable		301	373	-	-
Total liabilities		1,603	2,782	5,221	5,002
TOTAL EQUITY AND LIABILITIES		29,145	27,067	22,140	23,396

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

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2007

	Attributable to Equity Holders of the Company					Minority Interests	Total Equity
		Non-Distributable					
	Share Capital (Note 22)	Share Premium (Note 23)	Capital Reserve (Note 23)	Accumulated Losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
At 1 July 2005	139,330	9,008	13,821	(134,897)	27,262	743	28,005
Transfer pursuant to impairment losses in an associate of a subsidiary	-	-	(10,921)	10,921	-	-	-
Net loss for the year, representing total recognised income and expenses for the the year	-	-	-	(3,543)	(3,543)	(177)	(3,720)
At 30 June 2006	139,330	9,008	2,900	(127,519)	23,719	566	24,285
At 1 July 2006	139,330	9,008	2,900	(127,519)	23,719	566	24,285
Disposal of a subsidiary	-	-	(196)	-	(196)	(494)	(690)
Net profit/(loss) for the year, representing total recognised income and expenses for the year	-	-	-	4,019	4,019	(72)	3,947
At 30 June 2007	139,330	9,008	2,704	(123,500)	27,542	-	27,542

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

Company Statement of Changes in Equity

For the Year Ended 30 June 2007

	Share Capital (Note 22) RM'000	Non - Distributable Share Premium (Note 23) RM'000	Accumulated Losses RM'000	Total Equity RM'000
Company				
At 1 July 2005	139,330	9,008	(121,184)	27,154
Net loss for the year, representing total recognised income and expenses for the year	-	-	(8,760)	(8,760)
At 30 June 2006	139,330	9,008	(129,944)	18,394
At 1 July 2006	139,330	9,008	(129,944)	18,394
Net loss for the year, representing total recognised income and expenses for the year	-	-	(1,475)	(1,475)
At 30 June 2007	139,330	9,008	(131,419)	16,919

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

Cash Flow Statements

For the Year Ended 30 June 2007

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Cash Flows from Operating Activities				
Profit/(loss) before tax	3,891	(3,563)	(1,468)	(8,760)
Adjustments for:				
Depreciation of property, plant and equipment	87	184	-	1
Property, plant and equipment written off	113	1	1	-
Inventories written down	87	155	-	-
Allowance for doubtful debts	37	78	343	5,272
Write back of allowance for doubtful debts	(6)	(35)	-	-
Share of results of associates	(4,218)	-	-	-
Impairment losses of:				
- investment property	-	2,400	-	-
- investment in subsidiaries	-	-	-	3,339
Gain on disposal of investments:				
- associate	(126)	-	-	-
- subsidiaries	(165)	-	-	-
Gain on disposal of property, plant and equipment	(2,303)	(3)	-	-
Interest expense	-	1	-	-
Interest income	(220)	(252)	(128)	(216)
Operating loss before working capital changes	(2,823)	(1,034)	(1,252)	(364)
Changes in working capital:				
Decrease/(increase) in inventories	434	(509)	-	-
(Increase)/decrease in receivables	(8,473)	808	16	(30)
(Decrease)/increase in payables	(955)	754	219	(3)
Changes in amount due from contract customers	74	(49)	-	-
Changes in amount due from associates	527	(245)	-	-
Net changes in related companies balances	-	-	(5,237)	(1,499)
Cash used in operations	(11,216)	(275)	(6,254)	(1,896)
Interest received	220	252	128	216
Interest paid	-	(1)	-	-
Net taxes received/(paid)	211	126	(7)	-
Net cash generated from/(used in) operating activities	(10,785)	102	(6,133)	(1,680)

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(189)	(39)	-	-
Proceeds from disposal of property, plant and equipment	6,240	3	-	-
Proceeds from disposal of investment in associate	347	-	-	-
Net cash outflow from disposal of subsidiaries	(200)	-	-	-
Net cash generated from/(used in) investing activities	6,198	(36)	-	-
Net (decrease)/increase in cash and cash equivalents	(4,587)	66	(6,133)	(1,680)
Cash and cash equivalents at beginning of year	11,427	11,361	7,950	9,630
Cash and cash equivalents at end of year (Note 20)	6,840	11,427	1,817	7,950

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

1. CORPORATE INFORMATION

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 is located at No. 2, Jalan Murai 2, Batu Kompleks, 51100 Kuala Lumpur.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 October 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory for financial periods beginning on or after 1 January 2006, as described fully in Note 2.1(a).

The financial statements of the Group and of the Company have also been prepared on a historical basis unless otherwise indicated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

(a) Adoption of new and revised Financial Reporting Standards ("FRSs")

At the beginning of the current financial year, the Group and the Company had adopted the following new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006.

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 112	Income Taxes
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation (cont'd)

(a) Adoption of new and revised Financial Reporting Standards ("FRSs") (cont'd)

FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of new and revised FRSs does not result in significant changes to the accounting policies of the Group except as disclosed in Note 2.3.

(b) New standards and interpretations that are not yet effective

FRS 124, Related Party Disclosures and revised FRS 112, Income Taxes which are effective for periods beginning on or after 1 October 2006 and 1 July 2007 respectively will not have a material impact on the financial statements of the Group and of the Company except for some reclassifications and additional disclosure requirements upon adoption.

FRS 139, Financial Instruments: Recognition and Measurement application has been deferred to a date to be announced by the Malaysian Accounting Standards Board. The directors anticipate that the adoption of FRS 139 in future periods will not have a material impact on the financial statements of the Group and of the Company.

The new FRS 117, revised FRS 6, 107, 111, 118, 119, 120, 126, 129, 134 and 137, amendments to FRS 119 and FRS 121, and Issues Committee Interpretations ("IC Interpretations") 1, 2, 5, 6, 7 and 8 that have been issued but not yet effective are not applicable to the Group and the Company.

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(a) Subsidiaries and Basis of Consolidation (cont'd)

(ii) Basis of Consolidation (cont'd)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for postacquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate.

The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(b) Associates (cont'd)

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting polices are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost les accumulated depreciation and any accumulated impairment losses.

Leasehold land 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$^1/_3$%
Motor vehicles	20%
Furniture and fittings	7$^1/_2$%-33$^1/_3$%
Office equipment	10%-33$^1/_3$%

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(c) Property, Plant and Equipment, and Depreciation (cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to profit or loss.

(d) Investment Property

Investment property is property which is held either to earn rental income or for capital appreciation or for both. Such property is measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(e) Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. 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 reliably estimated, 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 the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(f) Impairment of Non-financial Assets

The carrying amounts of the Group's assets, other than investment property, construction contract assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss in the period in which it arises. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as revaluation increase.

(g) Inventories

Inventories comprise purchased accessories, telecommunication equipments and related spare parts.

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Financial Instruments

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(h) Financial Instruments (cont'd)

(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.

(ii) Other Non-current Investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) 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 profit or loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iv) 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.

(v) 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.

(vi) Equity Instruments

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

(i) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(i) Income Tax (cont'd)

Deferred tax is provided for, using the liability method. 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 the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit.

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 as income or an expense and included in the profit or loss for the period, 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 the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(j) Provisions

Provisions 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, provisions are discounted using a current pre-tax rate that reflects, where appropriate the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Provision for restructuring costs is recognised when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. Costs relating to ongoing activities are not provided for.

(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 accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(k) Employee Benefits (cont'd)

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(l) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of Goods

Revenue is recognised net of discounts and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(e).

(iii) Revenue from Services

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

(iv) Rental Income

Revenue from rental of properties are recognised on an accrual basis.

(v) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(vi) Management Fees

Management fees are recognised when services are rendered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs

FRS 101: Presentation of Financial Statements

Prior to 1 July 2006, minority interest at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statements of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statements of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Prior to 1 July 2006, the Group's share of taxation of associates accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the Revised FRS 101, the share of taxation of associates accounted for using the equity method are now included in the share of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

These changes in presentation have been applied retrospectively and there were no effects on the comparative amounts as the Group's share of losses of associates had exceeded its interest in the associate in the previous year. There were no effects on the consolidated balance sheet as at 30 June 2007 and the Company's financial statements.

(a) Summary of effects of Adopting New and Revised FRSs on the Current Year's Financial Statements

The following table provides estimate of the extent to which each of the line items in the income statements for the year ended 30 June 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

Effects on income statement for the year ended 30 June 2007

	Increase/(Decrease)	
	FRS 101	**Total**
	Note 2.3	
Description of change	**RM'000**	**RM'000**
Group		
Share of profit of associates	(263)	(263)
Income tax expense	263	263

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (cont'd)

FRS 140: Investment Property

Prior to 1 July 2006, investment property was treated as long term investment and was stated at cost less accumulated impairment losses. The investment property is revalued during the year. Upon the adoption of FRS 140, investment property is now stated at fair value and stated at cost less accumulated depreciation and impairment losses. Gains and losses arising from changes in fair value is recognised in profit or loss in the year in which they arise.

The Group has applied FRS 140 in accordance with the transitional provisions. The change in accounting policy has had no impact on amounts reported for 2006 or prior periods. There were no effects on the consolidated balance sheet as at 30 June 2007, consolidated income statement for the year ended 30 June 2007 and the Company's financial statements.

2.4 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group and of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no significant estimates, assumptions or judgements made by the management in the application of accounting policies of the Group and of the Company that have a significant effect on the financial statements.

3. REVENUE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Sales, hire and servicing of telecommunications equipment and electronic goods	6,722	12,019	-	-
Service fee income from provision of paging services	386	704	-	-
Others	425	252	369	369
	7,533	12,975	369	369

4. COST OF SALES

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Sales, hire and servicing of telecommunications equipment and electronic goods	6,077	10,570	-	-
Service fee income from provision of paging services	179	602	-	-
Others	395	45	-	-
	6,651	11,217	-	-

Included in cost of sales of the Group are cost of inventories written down amounting to RM87,500 (2006: RM155,000).

5. OTHER INCOME

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Interest income	220	252	128	216
Rental and service income	21	82	-	-
Gain on disposal of investments:				
- associate	126	-	-	-
- subsidiaries	165	-	-	-
Gain on disposal of property, plant and equipment	2,303	3	-	-
Write back of allowance for doubtful debts	6	35	-	-
Discounts received	40	89	-	-
Miscellaneous	393	38	-	-
	3,274	499	128	216

6. FINANCE COSTS

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Interest expenses	-	1	-	-

7. PROFIT/(LOSS) BEFORE TAX

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Employee benefits expenses (Note 8)	1,571	1,894	433	357
Directors' remuneration (Note 9)	271	275	271	275
Auditors' remuneration				
- statutory audits	51	63	12	10
- other services	80	6	80	5
Depreciation of property, plant and equipment (Note 12)	87	184	-	1
Property, plant and equipment written off	113	1	1	-
Allowance for doubtful debts	37	78	343	5,272
Rental of office premises	122	33	7	8
Impairment losses of:				
- investments in subsidiaries	-	-	-	3,339
- investment property	-	2,400	-	-

8. EMPLOYEE BENEFITS EXPENSE

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Wages and salaries	1,408	1,646	424	335
Social security contributions	15	19	1	1
Contributions to defined contribution plan	121	168	4	7
Other benefits	27	61	4	14
	1,571	1,894	433	357

Included in employee benefits expense of the Group and of the Company are directors' remuneration as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	216	220	216	220
Benefits-in-kind	7	7	7	7
	223	227	223	227

9. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Directors of the Company (Cont'd)				
Non-Executive:				
Fees	48	48	48	48
Total including benefits-in-kind	271	275	271	275

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

	Number of Directors	
	2007	2006
Executive directors:		
RM200,000 - RM250,000	1	1
Non-executive directors:		
Below RM50,000	5	5

10. INCOME TAX EXPENSE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Income tax:				
- Current year	-	154	-	-
Real Property Gain Tax	60	-	-	-
(Over)/underprovision in prior years:				
Malaysian income tax	(116)	3	7	-
	(56)	157	7	-

Domestic current income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate has been reduced to 26% effective year of assessment 2008. The computation of deferred tax as at 30 June 2007 has reflected these changes.

10. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit/(loss) before tax 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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit/(loss) before tax	3,891	(3,563)	(1,468)	(8,760)
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	1,051	(998)	(396)	(2,453)
Effect of income subject to tax rate of 20% (2006: 20%)	-	(46)	-	-
Expenses not deductible for tax purposes	377	1,098	326	2,453
Income not subject to tax	(705)	(26)	-	-
Deferred tax assets not recognised during the year	419	264	70	-
Utilisation of previously unrecognised tax losses and capital allowances	(3)	(138)	-	-
(Over)/under provision in prior years	(116)	3	7	-
Effect of income subject to real property gain tax rate of 5%	60	-	-	-
Effect of share of results of associates	(1,139)	-	-	-
Tax (credit)/expense for the year	(56)	157	7	-

Deferred tax assets have not been recognised in respect of the following items due to the recent history of losses in the Company and certain of its subsidiaries where those items arose:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unutilised tax losses	77,069	75,578	7,580	7,324
Unabsorbed capital allowances	1,144	3,666	22	20
	78,213	79,244	7,602	7,344

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

11. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the Company by the number of ordinary shares in issue during the financial year.

	Group	
	2007	**2006**
Profit/(loss) for the year attributable to equity holders of the Company (RM'000)	4,019	(3,543)
Number of ordinary shares in issue ('000)	278,660	278,660
Basic earnings/(loss) per share (sen)	1.44	(1.27)

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit/(loss) for the year attributable to equity holders of the Company and the 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 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	
	2007	**2006**
Profit/(loss) for the year attributable to equity holders of the Company (RM'000)	4,019	(3,543)
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 earnings/(loss) per share (sen)	1.44	(1.27)

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

12. 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						
At 30 June 2007						
Cost						
At 1 July 2006	4,758	397	190	1,114	705	7,164
Additions	-	-	-	132	57	189
Disposals	(4,758)	-	(129)	(172)	-	(5,059)
Disposal of a subsidiary	-	(14)	-	(186)	(110)	(310)
Written off	-	(195)	(1)	(630)	(235)	(1,061)
At 30 June 2007	-	188	60	258	417	923
Accumulated Depreciation						
At 1 July 2006	857	390	181	937	617	2,982
Depreciation charge for the year	17	1	3	30	36	87
Disposals	(874)	-	(129)	(119)	-	(1,122)
Disposal of a subsidiary	-	(11)	-	(172)	(92)	(275)
Written off	-	(194)	(1)	(531)	(222)	(948)
At 30 June 2007	-	186	54	145	339	724
Net Carrying Amount	-	2	6	113	78	199
Group						
At 1 July 2005						
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

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	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
Depreciation 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 Carrying Amount	3,901	7	9	177	88	4,182

	Office Equipment	
	2007 RM'000	2006 RM'000
Company		
Cost		
At 1 July	9	9
Written off	(6)	-
At 30 June	3	9
Accumulated Depreciation		
At 1 July	7	6
Depreciation charge for the year	-	1
Written off	(5)	-
At 30 June	2	7
Net Carrying Amount	1	2

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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Plant and machinery	371	378	-	-
Motor vehicles	173	174	-	-
Furniture and fittings	290	566	-	-
Office equipment	394	489	1	2

13. INVESTMENT PROPERTY

	Group 2007 RM'000	Group 2006 RM'000
Cost		
At 1 July/30 June	6,788	6,788
Accumulated Impairment Losses		
At 1 July	3,688	1,288
Impairment loss for the year	-	2,400
At 30 June	3,688	3,688
Net Carrying Amount		
At 30 June	3,100	3,100

The carrying amount of the above investment property approximates its fair value based on an independent professional valuation conducted by Rahim & Co, on 22 August 2006 by using the Comparison Method.

14. INVESTMENTS IN SUBSIDIARIES

	Company 2007 RM'000	Company 2006 RM'000
Unquoted shares, at cost	201,447	201,447
Less: Accumulated impairment losses	(196,328)	(196,328)
	5,119	5,119

Details of the subsidiaries are as follows:

Name of Companies	Paid-up Capital RM	Effective Interests Held 2007 %	Effective Interests Held 2006 %	Principal Activities
FCW Industries Sdn. Bhd.	68,198,400	100	100	Investment holding, provision of management services and trading in telecommunications equipment

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Companies	Paid-up Capital RM	Effective Interests Held 2007 %	2006 %	Principal Activities
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

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Companies	Paid-up Capital RM	Effective Interests Held 2007 %	2006 %	Principal Activities
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	100	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	Trading of electronic telecommunications equipment
Subsidiary of Digiphonic Sistem Sdn. Bhd.:				
Digiphonic Servis Sdn. Bhd. ***	50,000	-	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
** Application to strike off was rejected by Companies Commission of Malaysia and the directors do not intend to appeal.
*** Information relating to the disposal of subsidiaries, Digiphonic Sistem Sdn. Bhd. and Digiphonic Servis Sdn. Bhd. are set out in Note 26(b).

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The disposals had the following effects on the financial position of the Group as at the end of the year:

	2007 RM'000
Property, plant and equipment	35
Inventories	177
Trade and other receivables	296
Cash and bank balances	750
Trade and other payables	(183)
Minority interests	(494)
Transfer from capital reserves	(196)
Net assets disposed	385
Total disposal proceeds settled by cash	550
Gain on disposal to the Group	165
Cash inflow arising from disposals:	
Cash consideration	550
Cash and cash equivalents of subsidiaries disposed	(750)
Net cash outflow of the Group	(200)

15. INVESTMENTS IN ASSOCIATES

	Group	
	2007 RM'000	2006 RM'000
Unquoted shares, at cost	32,365	38,003
Share of post-acquisition reserves	(24,775)	(28,785)
Less: Accumulated impairment losses	(3,372)	(8,998)
	4,218	220

The associates, all of which are incorporated in Malaysia are:

Name of Associates	Financial Year End	Equity Interests Held 2007 %	2006 %	Principal Activities
Held by the FCW Industries Sdn. Bhd.:				
Federal Power Sdn. Bhd.	31 December	-	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

15. INVESTMENTS IN ASSOCIATES (CONT'D)

Name of Associates	Financial Year End	Equity Interests Held 2007 %	Equity Interests Held 2006 %	Principal Activities
Ghamal Industries Company Limited *	31 December	-	27.50	Design, supply, installation, testing and commissioning of the Copper Subscribes Access Network in Ghana - dormant
Held by Cometron Sdn Bhd:				
Widenet Technology Sdn. Bhd. +	30 June	-	27.20	Trunk radio system operator
Hasyon Technologies Sdn. Bhd. **	-	33.60	-	-

+ Disposal of an associate
* Incorporated in Ghana
** The shareholders have yet to determine the financial year and principal activities of Hasyon Technologies Sdn. Bhd.
+ Information relating to the disposal of an associate, Widenet Technology Sdn. Bhd. is set out in Note 26(a).

At 30 June 2007, the Group owned 27.50% and 29.68% of Ghamal Industries Company Limited and Federal Power Sdn. Bhd. respectively. Although the Group holds more than 20% of the ownership interests, these investments have been reclassified to other non-current investments due to the lack of significant influence as the Company has no representation on the investees' board of directors.

The summarised financial information of Fujikura Federal Cables Sdn. Bhd. is as follows:

	2007 RM'000	2006 RM'000
Assets and liabilitiess		
Non-current assets	25,214	16,666
Current assets	225,175	134,401
Total assets	250,389	151,067
Non-current liabilities	41,844	51,898
Current liabilities	198,629	117,525
Total liabilities	240,473	169,423
Results		
Revenue	445,592	263,344
Profit for the year	16,130	16,094

16. OTHER INVESTMENTS

	Group 2007 RM'000	Group 2006 RM'000
At cost:		
Quoted shares, in Malaysia	8	8
Unquoted shares, in Malaysia	5,626	-
	5,634	8
Less: Accumulated impairment losses	(5,633)	(7)
	1	1
Market value:		
Quoted shares	1	1

17. INVENTORIES

	Group 2007 RM'000	Group 2006 RM'000
Trading inventories:		
- At cost	3,759	4,451
- At net realisable value	46	52
	3,805	4,503

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade receivables				
Third parties	4,753	5,562	-	-
Amount due from subsidiaries	-	-	3,455	3,148
Construction contracts:				
Due from customers (Note 19)	89	143	-	-
	4,842	5,705	3,455	3,148
Less: Allowance for doubtful debts				
Third parties	(2,913)	(3,141)	-	-
Subsidiaries	-	-	(28)	(28)
	(2,913)	(3,141)	(28)	(28)
Trade receivables, net	1,929	2,564	3,427	3,120

18. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Other receivables				
Amount due from related parties:				
Subsidiaries	-	-	17,398	12,467
Associates	7	540	-	-
Less: Allowance for doubtful debts	-	-	(5,645)	(5,302)
	7	540	11,753	7,165
Sundry receivables	381	169	-	30
Prepayments	22	28	14	6
Deposits	8,643	62	9	4
	9,053	799	11,776	7,205
Less: Allowance for doubtful debts	(31)	(31)	-	-
	9,022	768	11,776	7,205
	10,951	3,332	15,203	10,325

(a) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month to four months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are generally non-interest bearing.

(b) Amount due from related parties

The amounts due from subsidiaries and associates are unsecured, interest-free and repayable on demand.

19. DUE FROM CUSTOMERS ON CONTRACTS

	Group	
	2007 RM'000	2006 RM'000
Construction contract costs incurred to date	6,218	8,978
Attributable profits	247	2,642
	6,465	11,620
Less: Progress billings	(6,376)	(11,477)
Due from contract customers	89	143
Due from customers on contracts (Note 18)	89	143

20. CASH AND BANK BALANCES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash on hand and at bank	620	793	67	200
Deposits with licensed banks	6,220	10,634	1,750	7,750
	6,840	11,427	1,817	7,950

The weighted average effective interest rate of deposits at the balance sheet date of the Group and of the Company was 2.4% (2006: 2.4%) per annum and the maturity period ranges from 7 to 30 days (2006: 7 to 30 days).

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current				
Trade payables				
Third parties	68	658	-	-
Other payables				
Amount due to subsidiaries	-	-	4,818	4,818
Advances received	5	8	-	-
Sundry payables	179	243	86	10
Accruals	1,050	1,500	317	174
	1,234	1,751	5,221	5,002
	1,302	2,409	5,221	5,002

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days.

(b) Amount due to subsidiaries

The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

22. SHARE CAPITAL

	Number of Ordinary Share of RM0.50 Each		Amount	
	2007 '000	2006 '000	2007 RM'000	2006 RM'000
Authorised share capital				
At 1 July/30 June	600,000	600,000	300,000	300,000
Issued and fully paid				
At 1 July/30 June	278,660	278,660	139,330	139,330

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.

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 2007 is 92,886,400 (2006: 92,886,400).

23. RESERVES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-distributable:				
Share premium	9,008	9,008	9,008	9,008
Capital reserve	2,704	2,900	-	-
	11,712	11,908	9,008	9,008
Accumulated losses	(123,500)	(127,519)	(131,419)	(129,944)
	(111,788)	(115,611)	(122,411)	(120,936)

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

23. RESERVES (CONT'D)

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	
	2007 RM'000	2006 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
Share of share premium after rights issue and effect on dilution of shareholding in an associate	-	255
	2,900	13,821
Less: Impairment losses in an associate of a subsidiary	-	(10,921)
Less: Reversal of elimination of investment in a subsidiary upon disposal	(196)	-
	2,704	2,900

24. CAPITAL COMMITMENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	77,400	-	-	-

25. CONTINGENT LIABILITIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unsecured:				
Corporate guarantee to financial institutions for credit facilities granted to subsidiaries	-	-	27,500	31,300
Bank guarantee for performance guarantee and utilities	-	451	-	-

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Subsidiary				
- FCW Industries Sdn. Bhd.				
Management fee income	-	-	369	369
Management fee expense	-	-	72	72
Rental expense	-	-	7	8
Associate				
- Widenet Technology Sdn. Bhd.				
Rental of equipment	-	2	-	-
Transactions with a company in which the director, Tan Sri Dato' Tan Hua Choon have interest:				
- Rental fee expenses charged by Yeston Sdn. Bhd.	119	-	-	-

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.

27. SIGNIFICANT EVENTS

(a) Disposal of an Associate, Widenet Technology Sdn. Bhd.

On 4 July 2006, Cometron Sdn. Bhd. (CSB) had 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 had agreed to settle the entire affairs as follows:

(i) CSB shall 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 shall be transferred to WTSB;

(iii) The CSB book debts amounting to approximately RM289,505 shall be assigned to the lawyer for recovery and on recovery, the net proceeds less legal costs and expenses, shall be shared as follows:

a) WDSB 66.56%
b) CSB 30.58%
c) PCSB 2.86%; and

27. SIGNIFICANT EVENTS (CONT'D)

(a) Disposal of an Associate, Widenet Technology Sdn. Bhd. (cont'd)

(iv) WDSB shall be fully responsible for recovery of the WTSB Book Debt and shall solely bear the risk of non-collection.

The disposal was completed on 27 July 2006 as CBS had received RM346,000 for its disposal of entire 40% equity interest.

(b) Disposal of Subsidiaries, Digiphonic Sistem Sdn. Bhd. and Digiphonic Servis Sdn. Bhd.

On 11 September 2006, FT Radiosystems Sdn. Bhd. ("Company") had entered into a sales of shares agreement ("SSA") with Tan Sri Dato' Zuki Bin Kamaluddin ("TSDZK") 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 sale consideration of RM550,000 ("Sales Proceed") on a willing buyer willing seller basis.

On 22 March 2007, the disposal was completed. DSSB and Digiphonic Servis Sdn. Bhd. have since ceased to be subsidiaries of FCW Holdings Bhd.

(c) New Subscription of Shares in Hasyon Technologies Sdn. Bhd.

Cometron Sdn. Bhd. ("CSB") and Pager Communication Sdn. Bhd. ("PCSB") joined with another 3 companies namely Hasyon Teknik Sdn. Bhd., Samen Trunked Radio Sdn. Bhd. and Textphon (M) Sdn. Bhd. to form a consortium company, Hasyon Technologies Sdn. Bhd. ("HSTB") which will secure the spectrum licenses. On 2 October 2006, CSB and PCSB had subscribed for 1 ordinary share of RM1 each at par in HSTB.

(d) Restructuring of the Issued and Paid-up Share Capital, Renouncable Rights Issue and Acquisitions of Properties

On 12 January 2007, FCW Holdings Berhad proposed to undertake the following:

(i) Restructuring of the Issued and Paid-up Share Capital of FCW under Section 64 of the Companies Act, 1965

Cancellation of RM0.40 of the par value of each existing ordinary share of RM0.50 each in FCW ("Proposed Capital Cancellation") and the subsequent consolidation of every 5 resultant ordinary shares of RM0.10 each into 1 ordinary share of RM0.50 each ("FCW Share") ("Proposed Share Consolidation").

(ii) Renouncable Rights Issue

Proposed renounceable rights issue of up to 185,773,200 new FCW Shares ("Rights Shares") together with up to 74,309,280 new warrants ("Warrants") for free, on the basis of 5 Rights Shares together with 2 free Warrants for every 2 FCW Shares held after the Proposed Capital Restructuring, at an issue price of RM0.50 per Rights Share.

(iii) Acquisitions of Properties

Proposed acquisition by Federal Telecommunications Sdn. Bhd. ("FTSB"), a wholly owned subsidiary of FCW Industries Sdn. Bhd. ("FCWI"), from Goh Ban Huat Berhad ("GBH") of all the pieces of freehold land held under Geran Mukim 1452 Lot 4722 and Geran Mukim 335 Lot 32661, both in the Mukim of Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan together with 9 independent blocks of warehouses erected thereon bearing postal address Lot 32661, Jalan Segambut ("Warehouse Block"), 51200 Kuala Lumpur, for a cash consideration of RM55 million.

27. SIGNIFICANT EVENTS (CONT'D)

(d) Restructuring of the Issued and Paid-up Share Capital, Renouncable Rights Issue and Acquisitions of Properties (cont'd)

(iii) Acquisitions of Properties (cont'd)

Proposed acquisition by FCW Industries Sdn. Bhd. ("FCWI"), a wholly owned subsidiary of FCW Holdings Berhad, from GBH Clay Pipes Sdn Bhd ("GCP"), a wholly owned subsidiary of GBH, of the piece of freehold land held under Geran Mukim 6242 Lot 54833, Mukim of Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan together with a single storey office with 4 adjoining single-storey factories erected thereon bearing postal address 368, Jalan Segambut, 51200 Kuala Lumpur (Factory Block), for a cash consideration of RM31 million.

FTSB and FCWI had paid a sum of RM5.5 million and RM3.1 million respectively as deposit for the acquisition of properties. As at the date of this report, the acquisitions have yet to be completed and pending fulfillment of all conditions precedent.

(e) Short-term Credit Facility

On 9 May 2007, FCW Holdings Berhad accepted a credit facility of RM61.4 million, which was offered by CIMB Bank Berhad for the following purposes:

(i) RM49,500,000 of the credit facility will be utilised to part finance the purchase by Federal Telecommunication Sdn Bhd ("FT"), a wholly owned subsidiary of FCW, from Goh Ban Huat Berhad ("GBH") of all the pieces of freehold land held under Geran Mukim 1452 Lot 4722 and Geran Mukim 335 Lot 32661, both in the Mukim of Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan together with 9 independent blocks of warehouse erected thereon bearing postal address of Lot 32661, Jalan Segambut, 51200 Kuala Lumpur ("Warehouse Block"), for a cash consideration of RM55,000,000 ("Proposed Acquisition 1"); and

(ii) RM11,900,000 of the credit facility will be utilised to part finance the purchase by FCW Industries Sdn Bhd ("FCWI"), a wholly owned subsidiary of FCW, from GBH Clay Pipes Sdn. Bhd., a wholly owned subsidiary of GBH, of a piece of freehold land held under Geran Mukim 6242 Lot 54833, Mukim of Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan together with a single storey office with 4 adjoining single-storey factories erected thereon bearing postal address of 368, Jalan Segambut, 51200 Kuala Lumpur ("Factory Block"), for a cash consideration of RM31million ("Proposed Acquisition 2").

28. 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 Group's businesses whilst managing its interest rate (both fair value and cash flow), foreign currency, liquidity and credit risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. 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.

(c) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent 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 of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term fundings so as to achieve overall cost effectiveness.

(d) Credit Risk

The Group's credit risk is primarily attributable to trade receivables. Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly 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 credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

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 assets.

(e) Fair Values

The carrying amounts of financial assets and liabilities of the Group at the balance sheet date approximate their fair values.

29. SEGMENTAL REPORTING

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

30. COMPARATIVE FIGURES

The following comparative amounts as at 30 June 2006 have been reclassified due to the change in presenting the analysis of expenses from nature of expense method to the function of expense and to conform with current year's presentation:

Description of change	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Income statements for the year ended 30 June 2006			
Group			
Changes in trading inventories	354	(354)	-
Purchases and other trading expenses	(11,571)	11,571	-
Cost of sales	-	(11,217)	(11,217)
Staff costs	(1,894)	1,894	-
Depreciation	(184)	184	-
Other expenses	(3,741)	(1,004)	(4,745)
Administrative expenses	-	(903)	(903)
Selling and marketing expenses	-	(171)	(171)
Company			
Staff costs	(357)	357	-
Depreciation	(1)	1	-
Other expenses	(8,987)	8	(8,979)
Administrative expenses	-	(355)	(355)
Selling and marketing expenses	-	(11)	(11)
Balance sheets for the year ended 30 June 2006			
Group			
Due from contract customers	143	(143)	-
Trade receivables	2,421	(2,421)	-
Other receivables	530	(530)	-
Due from associates	540	(540)	-
Trade and other receivables	-	3,634	3,634
Company			
Other receivables	40	(40)	-
Due from subsidiaries	10,285	(10,285)	-
Trade and other receivables	-	10,325	10,325

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	427	11,295	0.00
100 - 1,000	2,671	2,455,686	0.88
1,001 - 10,000	7,270	32,132,338	11.53
10,001 - 100,000	2,021	61,649,875	22.12
100,001 to less than 5% of issued shares	158	154,554,906	55.47
5% and above of issued shares	1	27,855,100	10.00
	12,548	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.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Huey Peng	13,781,300	4.95
3.	Low Cheng Peng	13,237,200	4.75
4.	Tan Ching Ching	12,891,500	4.63
5.	Wong Chee Choon	12,863,000	4.62
6.	Puan Sri Datin Poo Choo @ Ong Poo Choi	10,720,100	3.85
7.	Ong Har Hong	9,188,100	3.30
8.	Tan Han Chuan	7,248,400	2.60
9.	Ong Wee Shyong	6,523,500	2.34
10.	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera Permodalan Nasional Berhad	6,423,816	2.31
11.	Lim Siew Sooi	5,722,000	2.05
12.	Chew Boon Seng	5,641,700	2.02
13.	Gan Lock Yong @ Gan Choon Hur	3,309,100	1.19
14.	Puan Sri Datin Poo Choo @ Ong Poo Choi	3,138,400	1.13

C. THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
15.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Eng Huat	2,247,600	0.81
16.	Cheong Siew Yoong	2,000,000	0.72
17.	Batu Bara Resources Corporation Sdn Bhd	1,214,200	0.44
18.	Lu Kok Khiam	1,200,000	0.43
19.	Universiti Malaya	1,056,000	0.38
20.	Chia Ah Chor @ Chia Soo Itt	1,002,100	0.36
21.	Lee Sing Hong	1,000,000	0.36
22.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leong Chee Kwong	1,000,000	0.36
23.	Goh Chye Keat	900,000	0.32
24.	Mepro Holdings Berhad	768,700	0.28
25.	Yam Kim Man	699,000	0.25
26.	Teo Kian Hwa	663,000	0.24
27.	Tan Hung Chew	550,000	0.20
28.	Paridah Binti Othman	550,000	0.20
29.	Ng Bee Ling	550,000	0.20
30.	Indah Kaur A/P Dan Singh	533,800	0.19

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

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	268	5,756	0.01
100 - 1,000	1,333	1,006,176	1.08
1,001 - 10,000	1,858	8,311,576	8.95
10,001 - 100,000	788	28,628,692	30.82
100,001 to less than 5% of issued warrants	133	42,684,100	45.95
5% and above of issued warrants	1	12,250,100	13.19
	4,381	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.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	2,000,000	2.15
3.	Muhamad Abu Bakar Bin Abd Rajab	2,000,000	2.15
4.	CitiGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Siew Moi	1,500,000	1.61
5.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG London for RAB-Northwest Fund Limited	1,170,800	1.26
6.	Yeap Hup Suan	1,000,000	1.08
7.	Tan Kiat	1,000,000	1.08
8.	Tjhang Djie Fui	1,000,000	1.08
9.	HLG Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Wan Koon Kuan	960,300	1.03
10.	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Cheng Teik	950,000	1.02

C. THIRTY LARGEST WARRANT HOLDERS (CONT'D)

No.	Name of Warrant Holders	No. of Warrants	%
11.	Chong Soong Huat	900,000	0.97
12.	AMMB Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan	800,000	0.86
13.	Tan Ban Keat	800,000	0.86
14.	Ooi Siew Bee	781,300	0.84
15.	Song Huat Chan Holdings Sdn Bhd	755,600	0.81
16.	Ong Kok Seng	724,400	0.78
17.	Tan Cheng Teik	700,000	0.75
18.	Yeoh Boon Guan @ Yeoh Kok Seng	700,000	0.75
19.	AMMB Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Tabung Baitumal Sarawak	600,000	0.65
20.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG London for RAB-Northwest China Opportunities Fund Limited	584,900	0.63
21.	Zuhairi Bin Mohd Nadzir	560,000	0.60
22.	Teo Meng Hai	506,100	0.54
23.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hiew Kat Kee	460,000	0.50
24.	Chang Seong Heng @ Chen Seong Hin	400,000	0.43
25.	AMMB Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Bintulu Development Authority	400,000	0.43
26.	Augustine Christopher Nathan	400,000	0.43
27.	Loh Wee Fuan	400,000	0.43
28.	BHLB Trustee Berhad Exempt An for Philip Capital Management Sdn Bhd	364,000	0.39
29.	Ng Tiong Sew	350,000	0.38
30.	Lee Nga	350,000	0.38

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 2007

LOCATION	DESCRIPTION	EXISTING USE / AGE OF BUILDING	TENURE	NET BOOK VALUE AS AT 30.06.2007 (RM)	DATE OF LAST REVALUATION (R)
Lot No. PT23533 HS(D) 40562 [formerly HS(D) 252/94] Mukim Sungai Petani District of Kuala Muda Kedah Darul Aman	Land approved for Commercial Development (Area: 153,554 sq.ft)	Vacant	Freehold	3,100,000	22 August 2006 (R)

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

Proxy Form

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-Second Annual General Meeting ("52nd 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 Tuesday, 11 December 2007 at 11.00 a.m. or any adjournment thereof.

The proxy is to vote on the Resolutions set out in the notice of the 52nd 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		

No. of shares held

____
Signature(s)/Seal

Signed this__________day of________________, 2007.

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.

FOLD HERE

STAMP

FCW HOLDINGS BERHAD
(3116-K)
No. 8, 3rd Floor
Jalan Segambut
51200 Kuala Lumpur

FOLD HERE