



FCW HOLDINGS BERHAD
3116-K

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2008

annual report

2008 annual report

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Third Annual General Meeting of the shareholders of the Company will be held at Bukit Kiara Equestrian and Country Resort, Dewan Berjaya Room, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Monday, 22 December 2008 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 2008 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 2008.
Ordinary Resolution 2
3. To re-elect the following Directors retiring in accordance with Article 83 of the Company's Articles of Association:

(a) Tan Sri Dato' Tan Hua Choon; and

Ordinary Resolution 3(a)

(b) Mr Thor Poh Seng

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
28 November 2008

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, Malaysia 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
OCBC Bank (Malaysia) 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 9076

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board

CORPORATE STRUCTURE



FCW HOLDING BERHAD
3116-K

100% FCW INDUSTRIES SDN BHD

FCW ENTERPRISE SDN BHD
100%

PLUSNET TELECOMMUNICATIONS SDN BHD
100%

FEDERAL TELECOMMUNICATIONS SDN BHD
100%

FT RADIOSYSTEMS SDN BHD
100%

FUJIKURA FEDERAL CABLES SDN BHD
42.54%

COMETRON SDN BHD
68%

**PAGER
TELECOMMUNICATIONS
SDN BHD**
100%

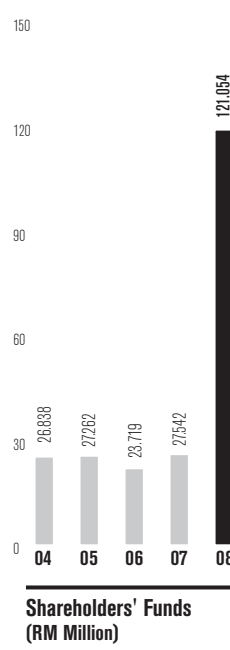
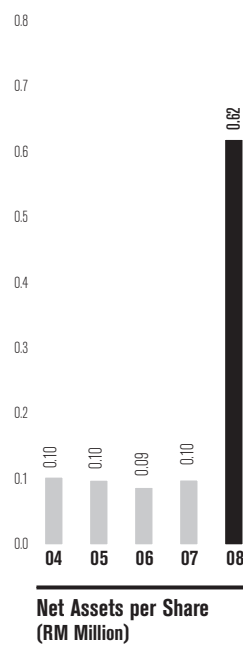
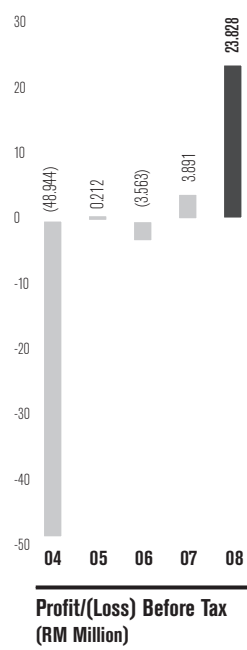
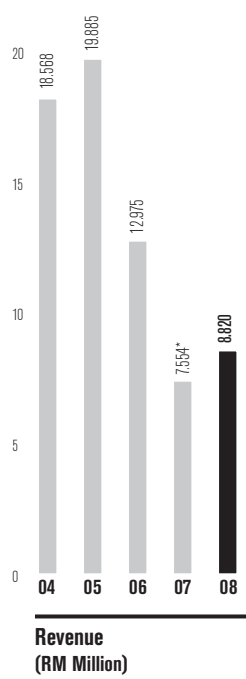
FEDERAL POWER SDN BHD
29.68%

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

FINANCIAL HIGHLIGHTS

	2004 RM Million	2005 RM Million	2006 RM Million	2007 RM Million	2008 RM Million
Revenue	18,568	19,885	12,975	7,554*	8,820
Profit / (Loss) Before Tax	(48,944)	0.212	(3,563)	3,891	23,828
Profit / (Loss) After Tax and Minority Interest Attributable to Shareholders	(49,223)	0.428	(3,543)	4,019	23,841
Dividends - Net	-	-	-	-	-
Shareholders' Funds	26,838	27,262	23,719	27,542	121,054
Earnings / (Loss) Per Share Based on Basic	(19.80)	0.15	(1.27)	1.44	10.07
Profit / (Loss) After Tax and Minority Interest (sen) Diluted	(19.80)	0.15	(1.27)	1.44	9.73
Net Assets per Share (RM)	0.10	0.10	0.09	0.10	0.62
Dividend Rate	-	-	-	-	-

* Figures have been restated to reflect the prior year adjustment in respect of the accrual for certain holding costs



DIRECTORS' PROFILE

TAN SRI DATO' TAN HUA CHOON

Aged 67, 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.

A self-made businessman with vast experiences in various fields and industries, Tan Sri Dato' Tan 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, Marco Holdings Berhad and PDZ Holdings Bhd. He joined the Board of Goh Ban Huat Berhad on 8 July 2008 as Non-Independent Non-Executive Director.

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DATO' ISMAIL BIN HAMZAH

Aged 62, 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 Berhad and TH Group Berhad.

ONG BING YAP

Aged 58, Malaysian

Executive Director

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

DIRECTORS' PROFILE

THOR POH SENG

Aged 48, 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, Computer Forms (Malaysia) Berhad and Goh Ban Huat Berhad.

LEE YU-JIN

Aged 41, 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 44, 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 2008.

Financial Review

For the financial year ended 30 June 2008, the Group achieved profit before tax of RM23.828 million, a five-fold improvement over the previous year's profit before tax of RM3.891 million. Turnover for the year of RM8.820 million was 16.8% higher than the preceding year's revenue of RM7.554 million whereas earnings per share improved to 10.07 sen from the previous year's 1.44 sen.

Performance Review

Sales of walkie-talkie equipment and property rental were the main contributors to the Group's turnover in the financial year under review. The telecommunications related business contributed RM5.477 million in revenue whilst the acquisitions of several pieces of freehold land and buildings during the year have enabled FCW to diversify its business to include property rental, which contributed RM3.343 million from November 2007.

The substantial improvement in results over the previous year was mainly attributed to the sterling financial performance of the Group's associate company, Fujikura Federal Cables Sdn. Bhd., in which our share of results in the financial year was RM23.986 million, a 469% improvement over the RM4.218 million achieved in the previous financial year.

During the financial year, the Group successfully completed its restructuring scheme and regularised its financial condition pursuant to PN17.

Prospects

The Group's prospects for the telecommunication business in the coming financial year remain challenging in view of keen competition and the low barrier of entry to the industry.

The Group has sought to strengthen this business segment by recently securing the local distributorship rights of quality and competitive 2-way radios from Icom Inc., one of the largest walkie-talkie equipment makers in Japan. The group is confident that the Icom brand and products will enhance its position as a telecommunication equipment player in the market.

The property rental business will continue to generate consistent and recurrent income for the next two years and the property investment will also enable FCW to benefit from any future capital appreciation of the land and buildings.

Dividends

No dividend has been declared or recommended for the financial year ended 30 June 2008.

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.

Tan Sri Dato' Tan Hua Choon
Chairman

CORPORATE GOVERNANCE STATEMENT

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

The Board is pleased to report that the Group had substantially complied with the Code throughout the financial year ended 30 June 2008. 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 the Code.

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 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 Board's 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 2008 are set out in pages 17 to 21 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

A. BOARD OF DIRECTORS (cont'd)

ii) Board Committees (cont'd)

Nomination Committee

The Board's Nomination Committee, which was established on 21 February 2002 and comprising three Non-Executive Directors, two of whom are independent, is tasked with the responsibility of recommending to the Board, suitable candidates for appointment as Directors and to fill the seats on Board Committees wherever necessary.

It will also carry out the process of assessing the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.

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

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 with full attendance of its members.

CORPORATE GOVERNANCE STATEMENT

A. BOARD OF DIRECTORS (cont'd)

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.

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.

CORPORATE GOVERNANCE STATEMENT

A. BOARD OF DIRECTORS (cont'd)

iv) Supply of Information (cont'd)

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 accredited by BMSB in compliance with the BMSB Listing Requirements. Apart from attending the Continuing Educational Programmes accredited by BMSB, the Directors are also encouraged to attend relevant courses/seminars and training programmes from time to time to keep abreast with changes and development in the business environment.

vii) Re-election of Directors

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

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

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.

CORPORATE GOVERNANCE STATEMENT

B DIRECTORS' REMUNERATION (cont'd)

i) Level and make-up (cont'd)

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 2008 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	221,984	-	221,984
(c) Estimated value of benefits-in-kind	7,000	-	7,000
Total	228,984	48,000	276,984

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

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

CORPORATE GOVERNANCE STATEMENT

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 views 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 ("EGMs") 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 15 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 22 to 24 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

D. ACCOUNTABILITY AND AUDIT (cont'd)

iii) Relationship with Auditors

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

The role of the Audit Committee in relation to its relationship with the External Auditors is set out in pages 17 to 21 of this Annual Report.

E. CORPORATE SOCIAL RESPONSIBILITY

The Group takes into account the significance of environment, social obligations and corporate governance matters in pursuing its business objectives. Throughout the year, the Group carried out its Corporate Social Responsibility activities focusing on the following areas:

Occupational Safety & Health Commitment

The Group is committed in ensuring minimal impact on the environment as well as to protecting the safety and health of our employees, customers and neighbours.

Over the years, the Group has developed and established occupational safety and health practices to ensure a safe work place environment for our employees, customers and neighbours.

The Group is also committed to implementing procedures that assist in ensuring that our operations are conducted and performed in accordance and in compliance with existing laws, regulations and standards.

Environmental Practice

One of our subsidiaries, which is involved in the telecommunication business, participated in the Green Program managed by Motorola for the environmental friendly disposal of expired walkie-talkie batteries.

Our associate company, Fujikura Federal Cables Sdn Bhd, obtained its ISO14001 certification for Environment Management System in August 2002. Major environmental activities carried out were the launching of the Environment, Safety & Health Month in 2007, and programs aimed at reducing the temperature in one of its production facilities from 36°C to 32°C and reducing the insulation wire scrap for its auto cables production.

Measures have also been taken by the Group to reduce consumption of resources and the generation of wastes by encouraging its employees to practice recycling and reduce wastage of paper and energy.

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.

CORPORATE GOVERNANCE STATEMENT

DIRECTORS' RESPONSIBILITY STATEMENT (cont'd)

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2008, 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 2008 amounted to RM53,000.00.

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 :-

- (i) Conditional Sale and Purchase Agreement dated 12 January 2007 between Federal Telecommunications Sdn Bhd ("FT"), a wholly-owned subsidiary of FCW and Goh Ban Huat Berhad ("GBH") for the proposed acquisition by FT from 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, 51200 Kuala Lumpur ("Warehouse Block") for a total cash consideration of RM55 million;
- (ii) Conditional Sale and Purchase Agreement dated 12 January 2007 between FCW Industries Sdn Bhd ("FCWI"), a wholly-owned subsidiary of FCW and GBH Clay Pipes Sdn Bhd ("GCP") for the proposed acquisition by FCWI from GCP 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 total cash consideration of RM31 million;
- (iii) Tenancy Agreement dated 13 November 2007 between FT and GBH to grant GBH a tenancy of the Warehouse Block for a period of 3 years at the rental of RM343,750 per month with an option for a 2 years term of renewal at the same rental rate; and
- (iv) Tenancy Agreement dated 13 November 2007 between FCWI and GCP to grant GCP a tenancy of the Factory Block for a period of 3 years at the rental of RM93,750 per month with an option for a 2 years term of renewal at the revised rental rate of RM193,750 per month.

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

Revaluation Policy On Landed Properties

The Group does not have any revaluation policy on landed properties other than investment properties which are measured at fair value based on valuation conducted by independent valuer.

AUDIT COMMITTEE REPORT

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

MEMBERSHIP AND MEETINGS

The Audit Committee held four meetings during the financial year ended 30 June 2008 with full attendance from the Committee members. The composition and memberships of the 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 Audit Committee meetings for briefing on the activities involving their areas of responsibilities. The Audit Committee was briefed by the external auditors on their annual audit findings and they had met twice during the financial year without the presence of the executive board members and employees of the Group.

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

TERMS OF REFERENCE

1. Membership

The 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. Executive director(s) and alternate director(s) cannot be appointed as member(s) 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 Audit Committee may call a meeting of the Audit 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.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE (cont'd)

3. Secretary

The Company Secretary shall be the secretary of the Committee.

4. Authority

The 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. the right to 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. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.
6. may extend invitation to other non-member directors and officers of the Company to attend a specific meeting, whenever deemed necessary.

5. Duties

The 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 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 and to meet with the external auditors without executive board members present at least twice a year;

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE (cont'd)

5. Duties (cont'd)

- iv) To review the quarterly results and year end financial statements of the Company and the Group, prior to the approval by the Board, focussing 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, competency and resources of the internal audit functions and to ensure that it has the necessary authority to carry out its work;
- vii) To take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning, if the staff member concerned so desires;
- viii) To review any internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- ix) To review any evaluation made on the systems of internal controls with the internal and external auditors;
- x) To recommend to the Board of Directors the appointment of the external auditors and the level of their fees;
- xi) To review the letter of resignation from the external auditors, if any;
- xii) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;
- xiii) The Chairman of the Audit Committee should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the company; and
- xi) To undertake such other functions as may be agreed by the Audit Committee and the Board.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE (cont'd)

6. Performance Review

The term of office and performance of the 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 2008, the activities carried out by the Audit Committee included, among others, the following:-

1. Reviewed the audited financial statements of the Group for the financial year ended 30 June 2007, 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.
6. Reviewed the Standard Operating Policies and Procedures covering the areas of Business Risk Profiling Updates and Human Resources.
7. Reviewed the extent of the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance.
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 2007.
10. Reviewed and discussed the Group Budget for year 2007/2008.

AUDIT COMMITTEE REPORT

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 with the internal audit consultants also conduct regular reviews in identifying, evaluating and managing the principal risks that the Group faces covering various operational, financial and statutory aspects of the Group's businesses.

INTERNAL CONTROL STATEMENT

BOARD RESPONSIBILITY

The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The 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 Group's assets. Whilst these systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, any system can only provide reasonable, and not absolute, assurance against material misstatement, errors, fraud or loss.

RISK MANAGEMENT FRAMEWORK AND INTERNAL AUDIT

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

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

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

INTERNAL CONTROL STRUCTURE

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

- **Risk Management**

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

INTERNAL CONTROL STATEMENT

INTERNAL CONTROL STRUCTURE (cont'd)

- **Organization Structure**

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

- **Authority Levels**

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

- **Monitoring and Reporting**

Adequate reports are generated for reviews on various operating units of the Group encompassing operational, financial and regulatory areas. Comprehensive management accounts and reports are prepared on a monthly basis for review by the Chairman, Executive Director and senior management for effective monitoring and decision-making. Quarterly, the Executive Director reviews 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 by the Board. Key variances from budget are reported monthly and followed up by management.

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

The Audit Committee also reviews on a quarterly basis the audit reports on 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.

- **Documented Policies and Procedures**

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

INTERNAL CONTROL STATEMENT

INTERNAL CONTROL STRUCTURE (cont'd)

- **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

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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 2008.

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 except for the commencement of renting of properties business activities by two of the subsidiaries as disclosed in Note 14 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit/(loss) for the year	23,841	(1,069)
Attributable to:		
Equity holders of the Company	23,841	(1,069)
Minority interests	-	-
	23,841	(1,069)

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
Ong Bing Yap
Thor Poh Seng
Lim Lai Sam
Lee Yu-Jin

DIRECTORS' REPORT

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 →				
1.7.2007	Acquired	Sold	Adjustment	30.6.2008

The Company

Direct interest

Tan Sri Dato'					
Tan Hua Choon	27,855,100	-	-	(6,356,721)*	21,498,379

Indirect interest

Tan Sri Dato'					
Tan Hua Choon	33,998,400	-	-	(6,699,700)*	27,298,700

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The Company

Direct interest

Tan Sri Dato'					
Tan Hua Choon					
- Warrant A	12,250,100	-	(12,250,100)	-	-
- Warrant B	-	-	-	6,370,998 **	6,370,998

* The adjustment is in pursuant to Capital Restructuring Exercise involving the cancellation of RM0.40 of the par value of each existing share of RM0.50 each ("Capital Cancellation") and subsequent consolidation of five resultant shares of RM0.10 each into one share of RM0.50 each ("Share Consolidation") on 3 December 2007. The shareholdings were further adjusted by renounceable rights issue of new ordinary shares of RM0.50 each ("FCW shares") on the basis of five new FCW shares for every two existing FCW shares held after the Capital Restructuring, at an issue price of RM0.50 per share and Excess Share Allotment on 31 December 2007.

DIRECTORS' REPORT

Directors' interests (cont'd)

** Free warrants arising from the Rights Issue.

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

	Number of warrants				
	1.7.2007	Issued	Exercised	Adjustment	30.6.2008
Warrant A	92,886,400	-	(7,500)	(63,667,070)	29,211,830
Warrant B	-	55,733,340	-	-	55,733,340

The adjustments made to the Exercise Price and number of Warrants A pursuant to the Capital Restructuring.

Each warrant A in issue entitles the warrant holders to subscribe for new ordinary shares in the Company at an adjusted exercise price of RM1.50 per ordinary share pursuant to the Capital Restructuring. The warrants were re-quoted to the official list of Bursa Malaysia Securities Berhad on 8 January 2008 and will expire on 11 November 2013.

The new 55,733,340 free warrant B were issued during the current financial year and the exercise price is RM0.50 per ordinary share. The warrants were admitted, listed and quoted to the official list of Bursa Malaysia Securities Berhad on 8 January 2008 and will expire on 11 November 2013.

The details of these warrants are as disclosed in Note 22 to the financial statements.

Issue of shares

During the current financial year, the Company issued 7,500 ordinary shares of RM0.50 each for cash pursuant to a warrant holder exercising 7,500 warrants. The Company then reduced its issued and paid-up ordinary share capital from RM139,333,350 to RM27,866,670 by way of Capital Cancellation and Share Consolidation.

Subsequently, the Company increased its issued and paid-up ordinary share capital from RM27,866,670 to RM97,533,345 by way of issuance of 139,333,350 new ordinary shares of RM0.50 each as part of a restructuring scheme as disclosed in Note 22 to the financial statements.

DIRECTORS' REPORT

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 of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

DIRECTORS' REPORT

Other statutory information (cont'd)

(f) In the opinion of the directors: (cont'd)

- (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 16 October 2008.

Tan Sri Dato' Tan Hua Choon
Kuala Lumpur, Malaysia

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 34 to 75 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 2008 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 16 October 2008.

Tan Sri Dato' Tan Hua Choon

Ong Bing Yap

Kuala Lumpur, Malaysia

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STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Teoh Aee Ling, 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 34 to 75 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 Teoh Aee Ling at
Kuala Lumpur in the Federal Territory
on 16 October 2008.

Teoh Aee Ling

Before me,

Soh Ah Kau

No: W 315

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FCW HOLDINGS BERHAD (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of FCW Holdings Berhad, which comprise the balance sheets as at 30 June 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 75.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Companies Act 1965 ("Act") 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 2008 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FCW HOLDINGS BERHAD (Incorporated in Malaysia)

Report on other legal and regulatory requirements

In accordance with the requirements of the Act in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements.
- (c) 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.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young

AF: 0039

Chartered Accountants

Kuala Lumpur, Malaysia

16 October 2008

Lee Seng Huat

No. 2518/12/09(J)

Partner

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	3	8,820	7,554	406	369
Cost of sales	4	(5,592)	(6,651)	-	-
Gross profit		3,228	903	406	369
Other income	5	569	3,253	766	128
Administrative expenses		(1,660)	(1,752)	(1,061)	(1,074)
Selling and marketing expenses		(178)	(208)	(92)	(95)
Other expenses		(1,577)	(2,523)	(548)	(796)
Operating profit/(loss)		382	(327)	(529)	(1,468)
Finance costs	6	(540)	-	(540)	-
Share of profit of associates		23,986	4,218	-	-
Profit/(loss) before taxation	7	23,828	3,891	(1,069)	(1,468)
Income tax benefit/(expense)	10	13	56	-	(7)
Profit/(loss) for the year		23,841	3,947	(1,069)	(1,475)
Attributable to:					
Equity holders of the Company		23,841	4,019	(1,069)	(1,475)
Minority interests		-	(72)	-	-
		23,841	3,947	(1,069)	(1,475)

Earnings per share attributable to equity holders of the Company (sen):

Basic, for profit for the year	11	10.07	1.44
Diluted, for profit for the year	11	9.73	1.44

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

BALANCE SHEETS

AS AT 30 JUNE 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	306	199	144	1
Investment properties	13	91,668	3,100	-	-
Investment in subsidiaries	14	-	-	5,119	5,119
Investment in associates	15	28,204	4,218	-	-
Other investments	16	1	1	-	-
		120,179	7,518	5,263	5,120
Current assets					
Inventories	17	929	3,805	-	-
Trade and other receivables	18	893	10,951	72,033	15,203
Tax recoverable		4	31	-	-
Cash and bank balances	20	18,786	6,840	13,433	1,817
		20,612	21,627	85,466	17,020
Total assets		140,791	29,145	90,729	22,140
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	22	97,533	139,330	97,533	139,330
Reserves	23	23,521	(111,788)	(12,012)	(122,411)
		121,054	27,542	85,521	16,919
Minority interests		-	-	-	-
Total equity		121,054	27,542	85,521	16,919
Non-current liabilities					
Long term payables	21	16,924	-	-	-
Current liabilities					
Trade and other payables	21	2,581	1,302	5,208	5,221
Current tax payable		232	301	-	-
		2,813	1,603	5,208	5,221
Total liabilities		19,737	1,603	5,208	5,221
Total equity and liabilities		140,791	29,145	90,729	22,140

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	←Attributable to equity holders of the Company→					Minority	Total
	Non-distributable					interests	equity
	Share capital (Note 22)	Share premium (Note 23)	Capital reserve (Note 23)	Retained profit/ (accumulated losses)	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
At 1 July 2006	139,330	9,008	2,900	(127,519)	23,719	566	24,285
Profit for the year representing total recognised income and expenses for the year	-	-	-	4,019	4,019	(72)	3,947
Disposal of a subsidiary	-	-	(196)	-	(196)	(494)	(690)
At 30 June 2007	139,330	9,008	2,704	(123,500)	27,542	-	27,542
At 1 July 2007	139,330	9,008	2,704	(123,500)	27,542	-	27,542
Profit for the year, representing total recognised income and expenses for the year	-	-	-	23,841	23,841	-	23,841
Capital cancellation and share consolidation	(111,468)	-	-	111,468	-	-	-
Transfer of share premium reserve to accumulated losses	-	(9,008)	-	9,008	-	-	-
Exercise of warrants	4	-	-	-	4	-	4
Issue of new ordinary shares pursuant to the rights issue	69,667	-	-	-	69,667	-	69,667
At 30 June 2008	97,533	-	2,704	20,817	121,054	-	121,054

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

	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 2006	139,330	9,008	(129,944)	18,394
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
At 1 July 2007	139,330	9,008	(131,419)	16,919
Loss for the year, representing total recognised income and expenses for the year	-	-	(1,069)	(1,069)
Capital cancellation and share consolidation	(111,468)	-	111,468	-
Transfer of share premium reserve to accumulated losses	-	(9,008)	9,008	-
Exercise of warrants	4	-	-	4
Issue of new ordinary shares pursuant to the rights issue	69,667	-	-	69,667
At 30 June 2008	97,533	-	(12,012)	85,521

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit/(loss) before taxation	23,828	3,891	(1,069)	(1,468)
Adjustments for:				
Depreciation of property, plant and equipment	71	87	29	-
Property, plant and equipment written off	-	113	-	1
Inventories written down	599	87	-	-
Inventories written off	12	-	-	-
Allowance for doubtful debts	59	37	-	343
Write back of allowance for doubtful debts	(29)	(6)	-	-
Share of results of associates	(23,986)	(4,218)	-	-
Gain on disposal of investments:				
- associate	-	(126)	-	-
- subsidiaries	-	(165)	-	-
Gain on disposal of property, plant and equipment	-	(2,303)	-	-
Interest expense	540	-	540	-
Interest income	(358)	(220)	(765)	(128)
Operating profit/(loss) before working capital changes	736	(2,823)	(1,265)	(1,252)
Changes in working capital:				
Decrease in inventories	2,265	434	-	-
Decrease/(increase) in receivables	10,078	(8,473)	(12)	16
Increase/(decrease) in payables	1,256	(955)	(11)	219
Changes in amount due from contract customers	(3)	74	-	-
Changes in amount due from associates	7	527	-	-
Net changes in related companies balances	-	-	(56,820)	(5,237)
Cash generated from/(used in) operations	14,339	(11,216)	(58,108)	(6,254)
Interest received	358	220	765	128
Interest paid	(540)	-	(540)	-
Net taxes (paid)/refunded	(60)	211	-	(7)
Net cash generated from/(used in) operating activities	14,097	(10,785)	(57,883)	(6,133)

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(178)	(189)	(172)	-
Proceeds from disposal of property, plant and equipment	-	6,240	-	-
Purchase of investment properties (note 13)	(71,644)	-	-	-
Proceeds from disposal of investment in associate	-	347	-	-
Net cash outflow from disposal of subsidiaries	-	(200)	-	-
Net cash (used in)/generated from investing activities	(71,822)	6,198	(172)	-
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	69,667	-	69,667	-
Proceeds from exercise of warrants	4	-	4	-
Proceeds from term loans	61,400	-	61,400	-
Repayment of term loans	(61,400)	-	(61,400)	-
Net cash generated from financing activities	69,671	-	69,671	-
Net increase/(decrease) in cash and cash equivalents	11,946	(4,587)	11,616	(6,133)
Cash and bank balances at beginning of the year	6,840	11,427	1,817	7,950
Cash and bank balances at end of the year (Note 20)	18,786	6,840	13,433	1,817

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

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 except for the commencement of renting of properties business activities by two of the subsidiaries as disclosed in Note 14.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 October 2008.

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.

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 2007 and 1 July 2007.

FRS 107 Cash Flows Statements

FRS 112 Income Taxes

FRS 118 Revenue

FRS 124 Related Party Disclosures

FRS 134 Interim Financial Reporting

FRS 137 Provisions, Contingent Liabilities and Contingent Assets

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

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)

The adoption of all the above Standards does not result in significant changes to the accounting policies of the Group and the Company and does not result in significant impact on the financial statements.

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

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

FRS 139, Financial Instruments : Recognition and Measurement application has been fixed to be effective on 1 January 2010. The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

(c) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Subsidiaries and basis of consolidation (cont'd)

(i) Subsidiaries (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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 post-acquisition 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.

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 policies are adopted for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(b) Associates (cont'd)

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 less accumulated depreciation and any accumulated impairment losses.

Depreciation of 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:

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

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(d) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

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 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(h) Financial instruments (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(j) Provisions (cont'd)

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.

(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:

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(I) Revenue recognition (cont'd)

(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.

3. Revenue

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Sales, hire and servicing of telecommunications equipment and electronic goods	5,307	6,722	-	-
Service fee income from provision of paging services	170	386	-	-
Rental income	3,343	21	-	-
Others	-	425	406	369
	8,820	7,554	406	369

NOTES TO THE FINANCIAL STATEMENTS

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4. Cost of sales

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Sales, hire and servicing of telecommunications equipment and electronic goods	4,873	6,077	-	-
Service fee income from provision of paging services	97	179	-	-
Others	622	395	-	-
	5,592	6,651	-	-

Included in cost of sales of the Group are cost of inventories written down amounting to RM598,811 (2007: RM87,500) and inventories written off amounting to RM11,841 (2007: RM Nil).

5. Other income

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Interest income				
- third parties	329	220	196	128
- subsidiaries	-	-	540	-
Income from unquoted investments	29	-	29	-
Gain on disposal of investments:				
- associate	-	126	-	-
- subsidiaries	-	165	-	-
Gain on disposal of property, plant and equipment	-	2,303	-	-
Write back of allowance for doubtful debts	29	6	-	-
Bad debts recovered	79	-	-	-
Discounts received	21	40	-	-
Miscellaneous	82	393	1	-
	569	3,253	766	128

6. Finance costs

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Interest expenses	540	-	540	-

NOTES TO THE FINANCIAL STATEMENTS

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7. Profit/(loss) before taxation

The following amounts have been included in arriving at profit/(loss) before taxation:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Employee benefits expenses (Note 8)	1,383	1,571	507	433
Directors' remuneration (Note 9)	277	271	277	271
Auditors' remuneration				
- statutory audits	64	51	14	12
- underprovision in prior year	8	-	2	-
- other services	53	80	53	80
Depreciation of property, plant and equipment (Note 12)	71	87	29	-
Property, plant and equipment written off	-	113	-	1
Allowance for doubtful debts	59	37	-	343
Rental of office premises	143	122	12	7

8. Employee benefits expense

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	1,191	1,372	451	388
Social security contributions	11	15	1	1
Contributions to defined contribution plan	139	157	47	40
Other benefits	42	27	8	4
	1,383	1,571	507	433

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

NOTES TO THE FINANCIAL STATEMENTS

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9. Directors' remuneration

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	222	216	222	216
Benefits-in-kind	7	7	7	7
	229	223	229	223
Non-Executive:				
Fees	48	48	48	48
Total including benefits-in-kind	277	271	277	271

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

	Number of directors	
	2008	2007
Executive directors:		
RM200,000 - RM250,000	1	1
Non-executive directors:		
Below RM50,000	5	5

10. Income tax expense

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current year	16	-	-	-
Real Property Gain Tax	-	60	-	-
(Over)/underprovision in prior years:				
Malaysian income tax	(29)	(116)	-	7
	(13)	(56)	-	7

Domestic current income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate has been reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 30 June 2008 has reflected these changes.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

10. Income tax expense (cont'd)

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

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before taxation	23,828	3,891	(1,069)	(1,468)
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	6,195	1,051	(278)	(396)
Expenses not deductible for tax purposes	242	377	198	326
Income not subject to tax	(6)	(705)	-	-
Deferred tax assets not recognised during the year	33	419	80	70
Utilisation of previously unrecognised tax losses and capital allowances	(212)	(3)	-	-
(Over)/underprovision in prior years	(29)	(116)	-	7
Effect of share of results of associates	(6,236)	(1,139)	-	-
Effect of income subject to real property gain tax rate of 5%	-	60	-	-
Tax (benefit)/expense for the year	(13)	(56)	-	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	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Unused tax losses	74,380	77,069	7,870	7,580
Unabsorbed capital allowances	3,934	1,144	43	22
Unused reinvestment allowances	989	989	989	989
	79,303	79,202	8,902	8,591

The availability of the unused 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 under the Income Tax Act, 1967 and guidelines issued by the tax authority.

NOTES TO THE FINANCIAL STATEMENTS

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11. Earnings per share

(a) Basic

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

	2008	Group 2007
Profit for the year attributable to equity holders of the Company (RM'000)	23,841	4,019
Weighted average number of ordinary shares in issue ('000)	236,863	278,660
Basic earnings per share (sen)	10.07	1.44

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. warrants.

	2008	Group 2007
Profit attributable to ordinary equity holders of the Company including assumed conversion (RM'000)	23,841	4,019
Weighted average number of ordinary shares in issue ('000)	236,863	278,660
Effects of dilution of warrants ('000)	8,233	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	245,096	278,660
Diluted earnings per share (sen)	9.73	1.44

NOTES TO THE FINANCIAL STATEMENTS

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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 2008						
Cost						
At 1 July 2007	-	188	60	258	417	923
Additions	-	-	172	1	5	178
Disposals	-	-	-	-	(2)	(2)
Written off	-	(116)	-	(7)	-	(123)
At 30 June 2008	-	72	232	252	420	976
Accumulated depreciation						
At 1 July 2007	-	186	54	145	339	724
Depreciation charge for the year	-	1	32	16	22	71
Disposals	-	-	-	-	(2)	(2)
Written off	-	(116)	-	(7)	-	(123)
At 30 June 2008	-	71	86	154	359	670
Net carrying amount	-	1	146	98	61	306
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

NOTES TO THE FINANCIAL STATEMENTS

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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 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

	Office equipment	
	2008	2007
	RM'000	RM'000
Company		
Cost		
At 1 July	3	9
Addition	172	-
Written off	-	(6)
At 30 June	175	3
Accumulated depreciation		
At 1 July	2	7
Depreciation charge for the year	29	-
Written off	-	(5)
At 30 June	31	2
Net carrying amount	144	1

NOTES TO THE FINANCIAL STATEMENTS

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12. Property, plant and equipment (cont'd)

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

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Plant and machinery	180	371	-	-
Motor vehicles	43	173	-	-
Furniture and fittings	71	290	-	-
Office equipment	135	394	1	1

13. Investment properties

	Group	
	2008	2007
	RM'000	RM'000
Cost		
At 1 July	6,788	6,788
Additions (Note (a))	88,568	-
At 30 June	95,356	6,788
Accumulated impairment losses		
At 1 July/30 June	3,688	3,688
Net carrying amount		
At 30 June	91,668	3,100
Note (a):		
Cash consideration	71,644	-
Long term payable (note 21)	16,924	-
	88,568	-

The carrying amount of an investment property of RM3.1 million approximates its fair value based on independent professional valuation conducted by Jurukor Hartanah, on 17 July 2008 by using Comparison Method.

During the financial year, the properties with carrying amount of approximately RM88.6 million acquired by its subsidiaries, FCW Industries Sdn. Bhd. and Federal Telecommunications Sdn. Bhd. are stated in accordance with the valuation conducted by Rahim & Co, on 29 September 2006 by using the Comparison Method.

NOTES TO THE FINANCIAL STATEMENTS

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14. Investments in subsidiaries

	Company	
	2008	2007
	RM'000	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		Principal activities
		2008 %	2007 %	
FCW Industries Sdn. Bhd.	68,198,400	100	100	Investment holding, provision of management services, trading in telecommunications equipment and renting of properties
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, servicing of telecommunications equipment and renting of properties
Malco Metal Sdn. Bhd.	2	100	100	Trading of metal and alloyed metal products - dormant
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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

14. Investments in subsidiaries (cont'd)

Name of companies	Paid-up capital RM	Effective interests held		Principal activities
		2008 %	2007 %	
Subsidiaries of FCW Industries Sdn. Bhd.: (cont'd)				
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
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

All the above companies are incorporated in Malaysia.

* Audited by firm of auditors other than Ernst & Young

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

14. Investments in subsidiaries (cont'd)

Investments are tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit ("CGU")'s fair value less costs to sell and its value in use. As the fair value less costs to sell is higher than the value in use of the respective CGU, the fair value less costs to sell would best reflect its recoverable amounts. Fair value less costs to sell is arrived at based on reference to market values on an existing use basis of recent transactions of similar properties.

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

	2008 RM'000	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	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	32,365	32,365
Share of post-acquisition reserves	(789)	(24,775)
Less: Accumulated impairment losses	(3,372)	(3,372)
	28,204	4,218

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

15. Investments in associates (cont'd)

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

Name of associates	Financial year end RM	Effective interests held		Principal activities
		2008 %	2007 %	
Held by the FCW Industries Sdn. Bhd.:				
Fujikura Federal Cables Sdn. Bhd.	31 December	42.54	42.54	Manufacture and marketing of power, telecommunications cables and wires
Held by Cometron Sdn. Bhd.:				
Hasyon Technologies Sdn. Bhd.	31 August	33.60	33.60	Trunk radio system operator - dormant

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

	2008 RM'000	2007 RM'000
Assets and liabilities		
Non-current assets	49,084	25,214
Current assets	247,390	225,175
Total assets	296,474	250,389
Non-current liabilities	185,475	41,844
Current liabilities	44,699	198,629
Total liabilities	230,174	240,473
Results		
Revenue	483,249	445,592
Profit for the year	56,384	16,130

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16. Other investments

	Group	
	2008 RM'000	2007 RM'000
At cost:		
Quoted shares, in Malaysia	8	8
Unquoted shares, in Malaysia	5,626	5,626
	5,634	5,634
Less: Accumulated impairment losses	(5,633)	(5,633)
	1	1
Market value:		
Quoted shares	1	1

17. Inventories

	Group	
	2008 RM'000	2007 RM'000
Trading inventories:		
- At cost	804	3,759
- At net realisable value	125	46
	929	3,805

18. Trade and other receivables

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables				
Third parties	3,572	4,753	-	-
Amount due from subsidiaries	-	-	1,473	3,455
Construction contracts:				
Due from customers (Note 19)	92	89	-	-
	3,664	4,842	1,473	3,455
Less: Allowance for doubtful debts				
Third parties	(2,950)	(2,913)	-	-
Subsidiaries	-	-	(28)	(28)
	(2,950)	(2,913)	(28)	(28)
Trade receivables, net	714	1,929	1,445	3,427

NOTES TO THE FINANCIAL STATEMENTS

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18. Trade and other receivables (cont'd)

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Other receivables				
Amount due from related parties:				
Subsidiaries	-	-	76,198	17,398
Associates	-	7	-	-
Less: Allowance for doubtful debts	-	-	(5,645)	(5,645)
	-	7	70,553	11,753
Sundry receivables	72	381	-	-
Prepayments	69	22	30	14
Deposits	38	8,643	5	9
	179	9,053	70,588	11,776
Less: Allowance for doubtful debts	-	(31)	-	-
Other receivables, net	179	9,022	70,588	11,776
	893	10,951	72,033	15,203

(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, non-interest bearing and repayable on demand, except for amounts of RM11.9 million and RM49.5 million owing from its subsidiaries, FCW Industries Sdn. Bhd. and Federal Telecommunications Sdn. Bhd. respectively, which bore interest rate of 4.62% (2007: Nil) per annum.

19. Due from customers on contracts

	Group	
	2008	2007
	RM'000	RM'000
Construction contract costs incurred to date	6,221	6,218
Attributable profits	247	247
	6,468	6,465
Less: Progress billings	(6,376)	(6,376)
Due from contract customers	92	89
Due from customers on contracts (Note 18)	92	89

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20. Cash and bank balances

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at bank	392	620	34	67
Deposits with licensed banks	13,335	6,220	8,360	1,750
Unquoted investments*	5,059	-	5,039	-
	18,786	6,840	13,433	1,817

The weighted average effective interest rate of deposits at the balance sheet date of the Group and of the Company was 2.4% (2007: 2.4%) per annum and the maturity period ranges from 7 to 30 days (2007: 7 to 30 days).

* During the current year, the Group and the Company placed some funds in a licensed financial institution. The weighted average effective rate of investment income at the balance sheet date of the Group and of the Company was approximately 2.9% per annum.

21. Trade and other payables

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables				
Third parties	644	68	-	-
Other payables				
Amount due to subsidiaries	-	-	4,816	4,818
Advances received	-	5	-	-
Sundry payables	1,355	179	8	86
Accruals	582	1,050	384	317
	1,937	1,234	5,208	5,221
	2,581	1,302	5,208	5,221
Non-current				
Long term payables	16,924	-	-	-

(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 (2007: 30 to 90 days).

(b) Amount due to subsidiaries

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

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21. Trade and other payables (cont'd)

(c) Long term payables

The amount forms part of the consideration for the acquisition of the piece of freehold land together with a single storey office with 4 adjoining single-storey factories by its subsidiary, FCW Industries Sdn. Bhd. Under the terms of the sales and purchase agreement, this amount is non-interest bearing and is repayable by third anniversary of 13 November 2007 thereafter.

22. Share capital

	Number of ordinary share of RM0.50 each		Amount	
	2008 '000	2007 '000	2008 RM'000	2007 RM'000
Authorised:				
At 1 July/30 June	600,000	600,000	300,000	300,000
Issued and fully paid:				
At 1 July	278,660	278,660	139,330	139,330
Capital cancellation and share consolidation	(222,936)	-	(111,468)	-
Exercise of warrants	8	-	4	-
Issue of new ordinary shares pursuant to the rights issue	139,334	-	69,667	-
At 30 June	195,066	278,660	97,533	139,330

Warrants

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

The Warrants A are constituted by a Deed Poll dated 24 June 2003 made by the Company. Following the Capital Restructuring, 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 RM1.50 per new ordinary share at any time during the period from 8 January 2008 until 5.00pm on 11 November 2013 and the number of Warrants A was adjusted to 29,211,830.

During the current financial year, the Company implemented and completed a renounceable rights issue of 139,333,350 new ordinary shares of RM0.50 each ("FCW shares"), together with 55,733,340 free detachable new warrants ("Warrants") on the basis of five new FCW shares together with two free Warrants for every two existing FCW shares held after the Capital Restructuring, at an issue price of RM0.50 per share.

The Warrants B are constituted by a Deed Poll dated 19 November 2007 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 approximately six years commencing from 8 January 2008 until 5.00pm on 11 November 2013.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

22. Share capital (cont'd)

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

During the current financial year, 7,500 warrants of RM0.50 each were converted into ordinary shares. The number of outstanding warrants as at 30 June 2008 is 84,945,170 (2007: 92,886,400).

	Warrant A	Warrant B	Total
At 1 July 2007	92,886,400	-	92,886,400
Issued	-	55,733,340	55,733,340
Exercised	(7,500)	-	(7,500)
Adjustment	(63,667,070)	-	(63,667,070)
At 30 June 2008	29,211,830	55,733,340	84,945,170

23. Reserves

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Share premium	-	9,008	-	9,008
Capital reserve	2,704	2,704	-	-
	2,704	11,712	-	9,008
Retained profit/(accumulated losses)	20,817	(123,500)	(12,012)	(131,419)
	23,521	(111,788)	(12,012)	(122,411)

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

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

(a) Share premium

This amount in comparative year arose from premium on the issue of ordinary shares above par value. However, in the current financial year, the share premium was utilised to reduce the accumulated losses under the Capital Restructuring scheme as disclosed in Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

23. Reserves (cont'd)

(b) Capital reserve

	Group	
	2008	2007
	RM'000	RM'000
Capitalisation of earnings for bonus issues by subsidiaries	2,704	2,900
Less: Reversal of elimination of investment in a subsidiary upon disposal during the year	-	(196)
	2,704	2,704

24. Capital commitments

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Capital expenditure				
Approved and contracted for:				
Investment properties	-	77,400	-	-

25. Contingent liabilities

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Corporate guarantee to financial institutions for credit facilities granted to subsidiaries	-	-	-	27,500

26. Significant related party transactions

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Subsidiary				
- FCW Industries Sdn. Bhd.				
Management fee income	-	-	406	369
Management fee expense	-	-	72	72
Interest income	-	-	102	-
Rental expense	-	-	12	7

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

26. Significant related party transactions (cont'd)

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Subsidiary (cont'd)				
- Federal Telecommunications Sdn. Bhd.				
Interest income	-	-	438	-
Transactions with a company in which the director, Tan Sri Dato' Tan Hua Choon has interest:				
- Rental fee expenses charged by Yeston Sdn. Bhd.	143	119	-	-
- Rental income from				
- Goh Ban Huat Berhad	2,617	-	-	-
- GBH Clay Pipes Sdn. Bhd.	714	-	-	-
- Purchase of investment properties				
- Goh Ban Huat Berhad	56,644	-	-	-
- GBH Clay Pipes Sdn. Bhd.	31,924	-	-	-

Information regarding outstanding balances arising from related party transactions as at 30 June 2008 is disclosed in Note 18 and 21.

The remuneration of directors of the Group and of the Company during the year is disclosed in Note 9. The remuneration of other members of key management during the year is as follows:

	Group	
	2008	2007
	RM'000	RM'000
Salaries and other related costs	201	118
Benefits-in-kind	7	9
	208	127

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

27. Significant events

(a) Restructuring of the issued and paid-up share capital, renounceable rights issue and acquisitions of properties

On 12 January 2007, FCW Holdings Berhad ("FCW") 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"). These proposals were completed during the current financial year.

(ii) Renounceable 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. Together with the Share Cancellation and Share Consolidation, the Company issued 139,333,350 new ordinary shares of RM0.50 each as part of a restructuring scheme as disclosed in Note 22 to the financial statements.

(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. The acquisition has been completed and classified as investment properties in the current financial year.

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. The properties have been classified as investment properties in the current financial year. In accordance to the sale and purchase agreement, the amount of RM16 million as at 30 June 2008, owing to GBHCP will be paid on the third anniversary after the Second Payment Deadline which is on 13 November 2010 and accordingly classified as long term payables.

As at the balance sheet date, the acquisitions have been completed and the acquired properties are let out to GBH and GCP for a tenancy period of 3 years.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

27. Significant events (cont'd)

(b) 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 was 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 was 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 RM31 million ("Proposed Acquisition 2").

As at balance sheet date, the loan amount of RM61.4 million from CIMB Bank Berhad had been fully settled.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

28. Financial instruments (cont'd)

(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 due to the relatively short term maturity of these financial instruments except for the following:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 30 June 2008				
Long term payables	16,924	14,779	-	-
Investments in subsidiaries	-	-	5,119	#
Investments in associates	28,204	#	-	-
Other investments	1	#	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

28. Financial instruments (cont'd)

(e) Fair values (cont'd)

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 30 June 2007				
Investments in subsidiaries	-	-	5,119	#
Investments in associates	4,218	#	-	-
Other investments	1	#	-	-

It is not practicable to estimate the fair values of the Group's and the Company's noncurrent unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

Fair value of the long term payables has been determined using discounted estimated cash flows. The discount rate used is the current market lending rate for similar types of lending, borrowing and leasing arrangements.

29. Segmental reporting

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. There is no secondary information based on geographical areas as the Group's activities are wholly conducted in Malaysia. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products.

(b) Business segments

The Group comprises the following main business segments:

- (i) Telecommunications and cables - trading, turnkey contracting, retailing, distribution and servicing of telecommunications equipment, and manufacture and marketing of power, telecommunications cables and wires.
- (ii) Renting of properties
- (iii) Others - Investment holding, provision of management services and property investment.

(c) Allocation basis

Segment results, assets and liabilities include items directly attributable to a segment as well as those can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

29. Segmental reporting (cont'd)

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

	Telecommunications and cables RM'000	Renting of properties RM'000	Others RM'000	Total RM'000
30 June 2008				
Revenue				
Sales to external customers	5,477	3,343	-	8,820
Results				
Segment results	(609)	3,154	(2,163)	382
Finance costs	-	(540)	-	(540)
Share of profits of associates	23,986	-	-	23,986
Profit/(loss) before tax	23,377	2,614	(2,163)	23,828
Income tax expense	-	-	13	13
Net profit/(loss) for the year	23,377	2,614	(2,150)	23,841
Assets				
Segment assets	4,837	88,568	19,182	112,587
Investment in associates	28,204	-	-	28,204
Total assets				140,791
Liabilities				
Segment liabilities	1,850	16,924	963	19,737
Other segment information				
Capital expenditure	1	-	177	178
Depreciation	7	-	64	71
Other significant non-cash expenses:				
Allowance for doubtful debts	59	-	-	59
Property, plant and equipment written off	-	-	-	-
Inventories written down	599	-	-	599
Inventories written off	12	-	-	12

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

29. Segmental reporting (cont'd)

Business segments (cont'd)

	Telecommunications and cables RM'000	Renting of properties RM'000	Others RM'000	Total RM'000
30 June 2007				
Revenue				
Sales to external customers	7,533	21	-	7,554
Results				
Segment results	65	21	(413)	(327)
Share of profits of associates	4,218	-	-	4,218
Profit/(loss) before tax	4,283	21	(413)	3,891
Income tax expense	1	-	55	56
Net profit/(loss) for the year	4,284	21	(358)	3,947
Assets				
Segment assets	15,347	-	9,580	24,927
Investment in associates	4,218	-	-	4,218
Total assets				29,145
Liabilities				
Segment liabilities	1,012	-	591	1,603
Other segment information				
Capital expenditure	47	-	142	189
Depreciation	25	-	62	87
Other significant non-cash expenses:				
Allowance for doubtful debts	37	-	-	37
Property, plant and equipment written off	49	-	64	113
Inventories written down	87	-	-	87
Inventories written off	-	-	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 24 OCTOBER 2008

A. SHARE CAPITAL

Authorised Share Capital	RM300,000,000 (600,000,000 ordinary shares of RM0.50 each)
Issued & Paid-Up Share Capital	RM97,533,345 (195,066,690 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	696	12,437	0.01
100 - 1,000	6,204	2,835,462	1.45
1,001 - 10,000	3,206	10,251,835	5.26
10,001 - 100,000	484	12,272,537	6.29
100,001 to less than 5% of issued shares	26	80,646,140	41.34
5% and above of issued shares	7	89,048,279	45.65
	10,623	195,066,690	100.00

C. THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Tan Sri Dato' Tan Hua Choon	21,498,379	11.02
2.	Low Cheng Peng	13,185,600	6.76
3.	Wong Chee Choon	11,261,800	5.77
4.	Puan Sri Datin Poo Choo @ Ong Poo Choi	11,200,900	5.74
5.	Ong Wee Shyong	11,094,300	5.69
6.	Gan Lock Yong @ Gan Choon Hur	10,783,300	5.53
7.	Tan Ching Ching	10,024,000	5.14
8.	Lim Siew Sooi	9,699,000	4.97
9.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Huey Peng	9,604,000	4.92
10.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Eng Huat	9,388,900	4.81
11.	Chew Boon Seng	9,291,600	4.76
12.	Ong Har Hong	9,268,500	4.75
13.	Lee Pui Inn	8,894,800	4.56
14.	Ong Wee Lieh	8,701,800	4.46
15.	Tan Han Chuan	6,073,800	3.11
16.	Chew Huat Heng	3,812,100	1.95
17.	Cheong Siew Yoong	1,201,300	0.62
18.	Chia Ah Chor @ Chia Soo Itt	998,400	0.51
19.	How Yoke Kam	985,900	0.51
20.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Weng Chee @ Lai Kok Chye	499,800	0.26

ANALYSIS OF SHAREHOLDINGS

AS AT 24 OCTOBER 2008

C. THIRTY LARGEST SHAREHOLDERS (cont'd)

No.	Name of Shareholders	No. of Shares	%
21.	Tong Kim Fatt @ Allen Tong	247,560	0.13
22.	Batu Bara Resources Corporation Sdn Bhd	242,840	0.12
23.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khong Sau Ping	224,000	0.11
24.	SBB Nominees (Tempatan) Sdn Bhd Universiti Malaya (CAFM)	201,200	0.10
25.	Ng Hin Yoong	194,740	0.10
26.	Thoa Kok Wah	186,900	0.10
27.	Ng Bee Ling	165,000	0.08
28.	Chee Phei Suen	146,300	0.08
29.	Sin Len Moi	145,700	0.07
30.	Yau Kim Foo @ Ewe Kim Foo	140,000	0.07

D. SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	No. of Shares	%
1. Tan Sri Dato' Tan Hua Choon	21,498,379	11.02
2. Low Cheng Peng	13,185,600	6.76
3. Wong Chee Choon	11,261,800	5.77
4. Puan Sri Datin Poo Choo @ Ong Poo Choi	11,200,900	5.74
5. Ong Wee Shyong	11,094,300	5.69
6. Gan Lock Yong @ Gan Choon Hur	10,783,300	5.53
7. Tan Ching Ching	10,024,000	5.14

E. DIRECTORS' INTERESTS IN SHARES

Name of Director	Direct Interest		Deemed Interest	
	No. of Shares	% of holdings	No. of Shares	% of holdings
Tan Sri Dato' Tan Hua Choon	21,498,379	11.02	27,298,700	13.99

ANALYSIS OF WARRANT HOLDINGS (WARRANT“A”)

AS AT 24 OCTOBER 2008

A. WARRANTS 2003/2013

Issued	29,211,830
Exercised to date	NIL
Outstanding	29,211,830
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	583	16,262	0.05
100 - 1,000	1,884	810,833	2.78
1,001 - 10,000	1,224	4,370,505	14.96
10,001 - 100,000	414	13,387,946	45.83
100,001 to less than 5% of issued warrants	40	10,626,284	36.38
5% and above of issued warrants	0	0	0.00
	4,145	29,211,830	100.00

C. THIRTY LARGEST WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrants	%
1.	Shin Kong Kew @ Chin Kong Kew	1,040,000	3.56
2.	Eng See Cheng	851,600	2.92
3.	Koh Yoon Wgee	709,900	2.43
4.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	629,074	2.15
5.	Muhamad Abu Bakar Bin Abd Rajab	500,000	1.71
6.	CitiGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Siew Moi	471,805	1.62
7.	Sia Kean Teong	440,351	1.51
8.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG London for RAB- Northwest Fund Limited	368,259	1.26
9.	Kow Yeow Choong	339,043	1.16
10.	Chong Peck Yuen	314,537	1.08
11.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Soong Huat	283,083	0.97
12.	AMSEC Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan	251,629	0.86
13.	Lee Ah Chai	250,000	0.86
14.	Lew Kim Sang @ Liu Meng Chong	210,000	0.72

ANALYSIS OF WARRANT HOLDINGS (WARRANT“A”) AS AT 24 OCTOBER 2008

C. THIRTY LARGEST WARRANT HOLDERS (cont'd)

No.	Name of Warrant Holders	No. of Warrants	%
15.	Lew Kim Sang @ Liu Meng Chong	206,500	0.71
16.	Foo Fuat Eng	202,727	0.69
17.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Nadzri Bin Mohd Noor	200,453	0.69
18.	Rosemarinah Binti Abd Rahim	200,000	0.68
19.	Tie Ming Chuon	200,000	0.68
20.	Tam Soon Sian	193,800	0.66
21.	AMSEC Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Tabung Baitumal Sarawak	188,722	0.65
22.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG London for RAB-Northwest China Opportunities Fund Limited	183,972	0.63
23.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Yun Fui	172,995	0.59
24.	RHB Capital Nominees (Tempatan) Sdn Bhd Yahya Bin Shefee	170,900	0.59
25.	Anuar Bin Abd Rashid	163,559	0.56
26.	Wan Baha Uddin Bin Wan Jaafar	157,268	0.54
27.	Lee Nga	154,123	0.53
28.	Ong Loo Choon	140,000	0.48
29.	Chew Chain Lee	131,000	0.45
30.	Double XL Capital Sdn Bhd	130,000	0.45

D. DIRECTORS' INTERESTS IN WARRANTS

None of the Directors who held office at the end of the financial year had any interest in warrants 2003/2013 of the Company.

ANALYSIS OF WARRANT HOLDINGS (WARRANT“B”)

AS AT 24 OCTOBER 2008

A. WARRANTS 2007/2013

Issued	55,733,340
Exercised todate	NIL
Outstanding	55,733,340
Class of Securities	Warrants 2007/2013
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	247	9,762	0.02
100 - 1,000	1,022	553,001	0.99
1,001 - 10,000	878	2,844,819	5.10
10,001 - 100,000	116	3,078,272	5.52
100,001 to less than 5% of issued warrants	7	6,224,640	11.18
5% and above of issued warrants	12	43,022,846	77.19
	2,282	55,733,340	100.00

C. THIRTY LARGEST WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrants	%
1.	Tan Sri Dato' Tan Hua Choon	6,370,998	11.43
2.	Low Cheng Peng	4,215,840	7.56
3.	Wong Chee Choon	3,600,720	6.46
4.	Ong Wee Shyong	3,547,168	6.36
5.	Gan Lock Yong @ Gan Choon Hur	3,447,720	6.19
6.	Ong Har Hong	3,422,200	6.14
7.	Puan Sri Datin Poo Choo @ Ong Poo Choi	3,371,680	6.05
8.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Huey Peng	3,193,200	5.73
9.	Lim Siew Sooi	3,104,240	5.57
10.	Tan Ching Ching	2,978,280	5.34
11.	Chew Boon Seng	2,970,800	5.33
12.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Eng Huat	2,800,000	5.02
13.	Ong Wee Lieh	2,580,920	4.63
14.	Tan Han Chuan	1,849,648	3.32
15.	Ong Wan Chin	599,900	1.08

ANALYSIS OF WARRANT HOLDINGS (WARRANT“B”) AS AT 24 OCTOBER 2008

C. THIRTY LARGEST WARRANT HOLDERS (cont'd)

No. Name of Warrant Holders	No. of	
	Warrants	%
16. Cheong Siew Yoong	515,220	0.92
17. Chia Ah Chor @ Chia Soo Itt	319,192	0.57
18. SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Siew Moi	200,000	0.36
19. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Weng Chee @ Lai Kok Chye	159,760	0.29
20. Tan Hou Bu	100,000	0.18
21. Ngo Kim Wee	100,000	0.18
22. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Keng Yong	100,000	0.18
23. Song Huat Chan Holdings Sdn Bhd	68,480	0.12
24. Tong Kim Fatt @ Allen Tong	66,160	0.12
25. MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khong Sau Ping	64,000	0.11
26. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Chuen Mee	58,000	0.10
27. Ng Hin Yoong	55,640	0.10
28. Thoa Kok Wah	53,400	0.10
29. Chua Kin Hua	50,960	0.09
30. Lai Kam Wah @ Lai Chin Hua	50,168	0.09

D. DIRECTORS' INTERESTS IN WARRANTS

Name of Director	Direct Interest		Deemed Interest	
	No. of Warrants	% of holdings	No. of Warrants	% of holdings
Tan Sri Dato' Tan Hua Choon	6,370,998	11.43	8,199,608	14.71

LIST OF PROPERTIES

AS AT 30 JUNE 2008

LOCATION	DESCRIPTION	EXISTING USE / AGE OF BUILDING	TENURE	NET BOOK VALUE AS AT 30.06.2008 (RM)	DATE OF LAST REVALUATION (R)/ VALUATION (V) OR DATE OF ACQUISITION (A)
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	17 July 2008 (R)
GM 1452 Lot 4722 and GM 335 Lot 32661, Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan bearing postal address Lot 32661, Jalan Segambut, 51200 Kuala Lumpur	Land approved for Industrial Building Development together with 9 independent blocks of single storey warehouses erected thereon (Area: 432,754.80 sq. ft.)	Warehouse for rental	Freehold	56,644,000	13 November 2007 (A)
GM 6242 Lot 54833, Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan bearing postal address 368, Jalan Segambut, 51200 Kuala Lumpur	Land approved for Industrial Building Development together with a single-storey office with four adjoining single-storey factories erected thereon (Area: 252,415.80 sq. ft.)	Office and Factories for rental	Freehold	31,924,000	28 September 2006 (V)

PROXY FORM



FCW HOLDINGS BERHAD
3116-K

I/WeNRIC 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)

representingpercentage (%) 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-Third Annual General Meeting ("53rd AGM") of the shareholders of the Company to be held at Bukit Kiara Equestrian and Country Resort, Dewan Berjaya Room, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Monday, 22 December 2008 at 11.00 a.m. or any adjournment thereof.

The proxy is to vote on the Resolutions set out in the notice of the 53rd AGM as indicated with an 'X' in the appropriate spaces. If no voting instructions are given, the proxy may vote or abstain from voting at his/her discretion.

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

Signature(s)/Seal

No. of shares held

Signed this _____ day of _____, 2008.

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, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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



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