MWE HOLDINGS BERHAD (5713-D)

ANNUAL REPORT 2006

MWE HOLDINGS BERHAD
(5713-D)

2006

Annual Report

Contents

NOTICE IS HEREBY GIVEN that the **ANNUAL GENERAL MEETING** of the Company will be held at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Pulau Pinang on Wednesday, 6 June 2007 at 10.30 a.m. for the following purposes:-

AGENDA

1. To receive and consider the Audited Financial Statements for the year ended 31 December 2006 and the Reports of the Directors and Auditors thereon. (Resolution 1)

2. To declare final dividends of 2% tax exempt and 2% less tax at 27% for the financial year ended 31 December 2006. (Resolution 2)

3. To re-elect the following Directors who are retiring under the respective Articles of the Articles of Association of the Company:-

   (i) Dato' Surin Upatkoon - Article 109 (Resolution 3)
   (ii) Mr. Tang King Hua - Article 109 (Resolution 4)
   (iii) Dato' Dr Loga Bala Mohan a/l Jaganathan - Article 110 (Resolution 5)

4. To re-appoint Dato' Ahmad Hasmuni Bin Hj Hussein as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965. (Resolution 6)

5. To approve the payment of Directors' fees of RM91,250 in respect of the year ended 31 December 2006 (2005 : RM90,000). (Resolution 7)

6. To re-appoint Messrs Moores Rowland as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 8)

7. **As Special Business:**
   To consider and, if thought fit, pass the following Ordinary Resolutions:

   (i) AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

   "**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue new ordinary shares in the Company, from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional new ordinary shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 9)

   (ii) RENEWAL OF THE PROPOSED SHARE BUY-BACK

   "**THAT**, subject to compliance with Section 67A of the Companies Act, 1965 and the Listing Requirements of Bursa Securities, the Company be and is hereby authorised to utilise not exceeding the total retained profits and/or share premium account of the Company based on the audited financial statements for the financial year ended 31 December 2006 of RM37,338,532 and RM23,586,099 respectively, to purchase on Bursa Securities up to 23,155,901 ordinary shares of RM1.00 each of the Company which together with the 355,000 ordinary shares of RM1.00 each already purchased earlier and retained as treasury shares, represent 10% of the total issued and paid-up share capital of 231,559,015 ordinary shares of RM1.00 each **AND THAT** upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to:

(a) cancel the shares purchased; or
(b) retain the shares purchased as treasury shares for distribution as dividends to the shareholders of the Company and/or resell on the Bursa Securities; or
(c) retain part of the shares purchased as treasury shares and cancel the remainder.

Whereby an announcement regarding the intention of the Directors of the Company in relation to the proposed treatment of the shares purchased and rationale thereof has been made to Bursa Securities **AND THAT** such authority from the shareholders would be effective immediately upon passing of this Ordinary Resolution and the aforesaid authority from shareholders will expire at the conclusion of the next Annual General Meeting ("AGM") unless the authority is renewed by ordinary resolution passed at the said AGM (either unconditionally or subject to condition), or upon the expiration of the period within which the next AGM is required by law to be held or if earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authority **AND THAT** authority be and is hereby given to the Directors of the Company to take all such steps as are necessary including the opening and maintaining of a central depositories account(s) under the Securities Industry (Central Depositories) Act, 1991, and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company." (Resolution 10)

To consider and, if thought fit, pass the following Special Resolution:

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

"**THAT** the Articles of Association of the Company be and are hereby amended in the manner as set out in Appendix I of the Circular to Shareholders dated 15 May 2007 **AND THAT** the Directors of the Company be and are hereby authorised to give full effect to the said amendments, alterations, modification and deletion to the Articles of Association of the Company as may be required by any relevant authorities as they deem fit, necessary or expedient in order to give full effect to the Proposed Amendments to the Company's Articles of Association." (Resolution 11)

8. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF BOOKS CLOSURE

NOTICE IS ALSO HEREBY GIVEN THAT the final dividends of 2% tax exempt and 2% less tax at 27% in respect of the financial year ended 31 December 2006, if approved by shareholders, will be paid on 1 August 2007 to depositors registered in the Records of Depositors at the close of business on 23 July 2007.

A Depositor shall qualify for entitlement only in respect of:

(a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 23 July 2007 in respect of ordinary transfers; and

(b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

LIM KONG YOW (MIA 4979)
Company Secretary
15 May 2007
Penang

Notes:

1. *A member of the Company entitled to attend and vote at the Meeting, is entitled to appoint a proxy or two proxies to attend and vote instead of him. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A member of the Company who is an authorised nominee as defined under the Central Depositories Act, 1991 may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A proxy need not be a member of the Company.*

2. *The form of proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, must be executed under seal or under the hand of an officer or attorney duly authorised.*

3. *The instrument appointing a proxy must be deposited at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Pulau Pinang not less than 48 hours before the time appointed for holding the Meeting.*

EXPLANATORY NOTES ON SPECIAL BUSINESS

The Proposed Resolution 9, if passed, will renew the powers given to the Directors at the last Annual General Meeting authority to issue up to ten percent (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The Proposed Resolution 10, if passed, will empower the Directors of the Company to buy back and/or hold from time to time shares of the Company not exceeding ten percent (10%) of the issued and paid-up share capital of the Company from time to time being quoted on Bursa Securities as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company. The details of the Proposed Resolution 10 is set out in the Circular to Shareholders dated 15 May 2007.

The Proposed Resolution 11 is to amend the Company's Articles of Association to be in line with the revamped Listing Requirements of Bursa Malaysia Securities Berhad. The details of the Proposed Resolution 11 is set out in the Circular to Shareholders dated 15 May 2007.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad)

1. Directors who are standing for re-election and re-appointment at the Annual General Meeting of the Company

(i) Dato' Surin Upatkoon

(ii) Mr. Tang King Hua

(iii) Dato' Dr Loga Bala Mohan a/l Jaganathan

(iv) Dato' Ahmad Hasmuni bin Hj Hussein
(re-appointed under Section 129(6) of the Companies Act, 1965)

Details of Directors who are standing for re-election and re-appointment are set out in the Directors' Profile appearing on pages 10 to 11 of the Annual Report.

2. Details of attendance of Directors at Board Meetings

There were six (6) Board meetings held during the financial year ended 31 December 2006. Details of attendance of the Directors are set out in the Statement on Corporate Governance appearing on page 17 of the Annual Report.

3. Place, Date and Time of Annual General Meeting

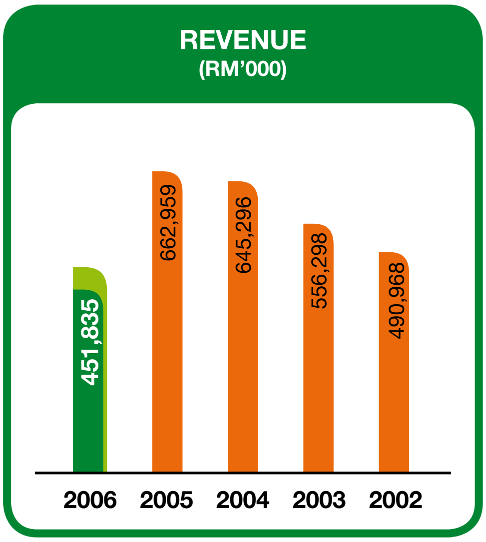
The Annual General Meeting of the Company shall be held at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Pulau Pinang on Wednesday, 6 June 2007 at 10.30 a.m.

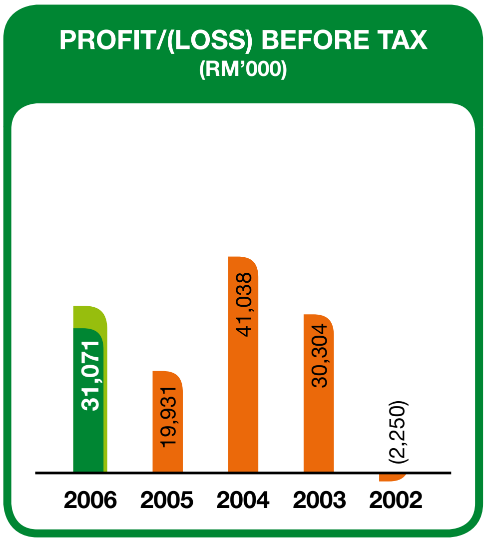
Corporate Information

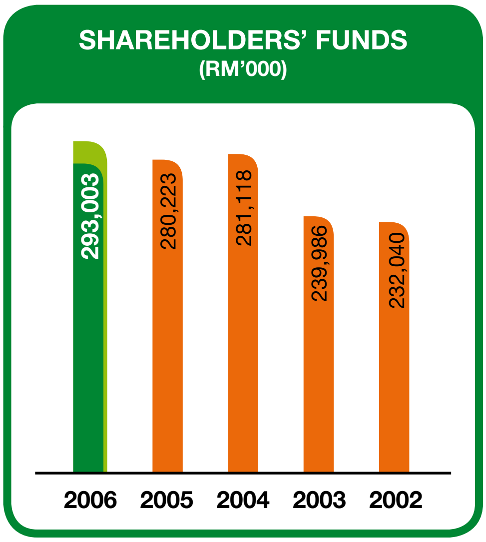
DIRECTORS	**Tang King Hua**	*(Managing Director)*
	Lim Kong Yow	*(Executive Director)*
	Dato' Dr Loga Bala Mohan a/l Jaganathan *D.S.S.A., D.S.P.N.*	*(Executive Director)*
	Dato' Surin Upatkoon *D.S.P.N.*	*(Non-Independent Non-Executive Director)*
	Lawrence Lim Swee Lin	*(Independent Non-Executive Director)*
	Dato' Ahmad Hasmuni bin Hj. Hussein *D.S.S.A.*	*(Independent Non-Executive Director)*
	Dato' Shahbudin bin Imam Mohamad *D.S.A.P., D.I.M.P., S.A.P., J.S.N., P.J.K.*	*(Independent Non-Executive Director)*
	Tan Chor Teck	*(Independent Non-Executive Director)*
AUDIT COMMITTEE	**Dato' Ahmad Hasmuni bin Hj. Hussein**	*Committee Chairman / Independent Non-Executive Director*
	Dato' Shahbudin bin Imam Mohamad	*Independent Non-Executive Director*
	Tan Chor Teck	*Independent Non-Executive Director*
	Lim Kong Yow	*Executive Director*
NOMINATION COMMITTEE	**Dato' Ahmad Hasmuni bin Hj Hussein**	*Committee Chairman / Independent Non-Executive Director*
	Dato' Shahbudin bin Imam Mohamad	*Independent Non-Executive Director*
	Tan Chor Teck	*Independent Non-Executive Director*
REMUNERATION COMMITTEE	**Tan Chor Teck**	*Committee Chairman / Independent Non-Executive Director*
	Dato' Ahmad Hasmuni bin Hj Hussein	*Independent Non-Executive Director*
	Dato' Surin Upatkoon	*Non-Independent Non-Executive Director*
SECRETARY	**Lim Kong Yow**	MIA 4979
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	846, Jalan Raya, 14209 Sungei Bakap Seberang Perai Selatan, Penang	Tel No : 04-585 8188 Fax No : 04-585 8199
REGISTRARS	**Metra Management Sdn Bhd** (62169-A) 30.02, 30th Floor, Menara Multi-Purpose, Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur	Tel No : 03-2698 3232 Fax No : 03-2698 0313
AUDITORS	**Moores Rowland (AF 0539)** 7th Floor, South Block, Wisma Selangor Dredging 142-A, Jalan Ampang, 50450 Kuala Lumpur	*Chartered Accountants*
DOMICILE	Malaysia	
LEGAL FORM AND PLACE OF INCORPORATION	A public listed company incorporated in Malaysia under the Companies Act, 1965 and limited by shares	
PRINCIPAL BANKERS	OCBC Bank (Malaysia) Berhad CIMB Bank Berhad RHB Investment Bank Berhad	
SOLICITORS	Ghazi & Lim	
STOCK EXCHANGE LISTING	Main Board of Bursa Malaysia Securities Berhad	Stock Name: MWE Stock Code : 3921

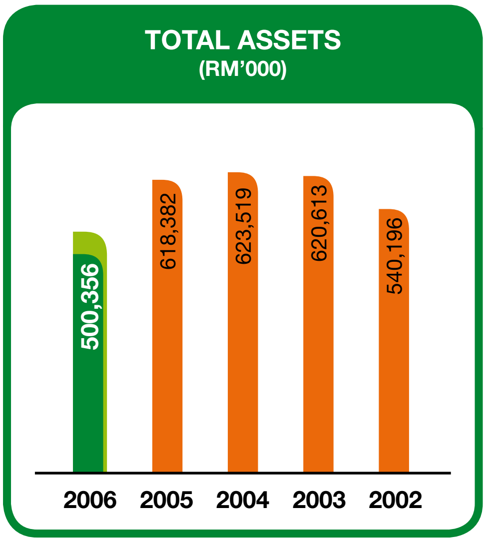
5 Years' Group Financial Highlights

	2006 (RM'000)	2005 (RM'000)	2004 (RM'000)	2003 (RM'000)	2002 (RM'000)
Revenue	451,835	662,959	645,296	556,298	490,968
Profit/(Loss) Before Tax	31,071	19,931	41,038	30,304	(2,250)
Paid-up Capital	231,559	231,559	231,559	209,951	209,794
Shareholders' Funds	293,003	280,223	281,118	239,986	232,040
Total Assets	500,356	618,382	623,519	620,613	540,196
Net Assets per share (sen)	127	121	121	114	111
Earnings per share (sen)	11	7	9	4	(9)
Net Dividend per share (sen)	8	5	3	1	1









MWE HOLDINGS BERHAD
(5713-D)

Electronics Division

- 98% Davex Holdings Bhd
  - 93% Davex (Malaysia) Sdn Bhd — 40%
    - 60% Specific Form Sdn Bhd
      - 100% Realistic Returns Sdn Bhd
    - 100% Davex Engineering (M) Sdn Bhd
    - 100% Davex Trading (Pg) Sdn Bhd *
    - 100% Davex Australia Pty Ltd
    - 100% Davex Singapore Pte Ltd
  - 69% Phili-Orient Lines (Penang) Sdn Bhd
    - 100% Phili-Orient Airfreight (Penang) Sdn Bhd
    - 49% Phili-Orient Airfreight (Malaysia) Sdn Bhd — 51%
    - 100% Phili-Orient Lines (Port Klang) Sdn Bhd *
  - 68% Daviscomms (S) Pte Ltd
    - 100% Daviscomms (Malaysia) Sdn Bhd
  - 51% Round and Round Pte Ltd
  - 44% PI International Holdings Ltd
  - 36% Asia Mobile Commerce Privilege (M) Sdn Bhd

Textile Division

- 100% MWE Weaving Mills Sdn Bhd
- 100% MWE Spinning Mills Sdn Bhd
  - 100% MWE Textile Industries Sdn Bhd
  - 100% United Sweethearts Garment (Vietnam) Co., Ltd
  - 100% United Sweethearts Garment Sdn Bhd
    - 100% USJ Embroidery Sdn Bhd
    - 45% USH Garment (NIbong Tebal) Sdn Bhd
    - 20% CNT Garments Sdn Bhd

International Division

- 100% First Cosmopolitan Sdn Bhd
  - 100% Devanna Limited

Property Division

- 90% MWE Advanced Structure Sdn Bhd
  - 70% MWE Cedar Homes Sdn Bhd
- 100% MWE Properties Sdn Bhd
  - 100% Melati Mewah Sdn Bhd
    - 100% Melati Mewah Property Services Sdn Bhd
  - 100% MWE Precast Concrete Sdn Bhd
  - 100% Metra PMC Sdn Bhd
  - 90% Prime Achiever Sdn Bhd
  - 70% MWE Development Sdn Bhd
  - 60% MWE Tiravest Sdn Bhd
  - 60% Jurangjaya Sdn Bhd
    - 100% Lup Ching Holdings Sdn Bhd
  - 51% MWE Macadam Sdn Bhd
  - 50% Ribuan Wangsa Sdn Bhd (Associated Company)
  - 40% Island Garden Development Sdn Bhd (Associated Company)

Leisure Division

- 100% MWE Golf & Country Club Berhad

Corporate / Services Division

- 100% Ganda Pesona Sdn Bhd
- 100% Alam Perdana Sdn Bhd
- 100% Metra Management Sdn Bhd
  - 100% Metra Nominees Sdn Bhd
- 70% Bay Potential Sdn Bhd
- 30% Premier Capital Holdings Sdn Bhd (Associated Company)

Industrial Division

- 90% Alu-Paste & Pigments Sdn Bhd
  - 53% Quasar Industrial Vehicles Sdn Bhd
- 55% MWE Optical Holdings Sdn Bhd
  - 100% Shu Tong Mow Contact Optical Sdn Bhd
  - 100% MWE Optical Trading Sdn Bhd
  - 100% MWE Optimia JV Sdn Bhd

Associated Company

* *In the process of members' voluntary winding-up*

TANG KING HUA

Managing Director

Malaysian, aged 49, was appointed as an Executive Director of MWE on 2 February 2000 and subsequently as a Managing Director on 28 August 2002. Mr. Tang graduated with a Bachelor degree in Industrial Engineering from Canada Technical University of Nova Scotia in 1982. He started his career in 1983 by working in a multi-national electronics company overseeing quality control, production and engineering functions.

His vast experience in the field of electronics had enabled him to spearhead the pioneer team in setting-up a company called Eastrade Electronics (M) Sdn Bhd. Currently, Mr. Tang is the Managing Director of Davex Group of Companies and he oversees the overall profitability and viability of the Group. He is responsible for the identification and penetration of any new and potential markets for the Group both locally and overseas.

Mr. Tang is a substantial shareholder of MWE and holds 10,030,800 ordinary shares of RM1.00 each in MWE. He is also deemed to have an indirect interest in 2,181,700 ordinary shares of RM1.00 each in MWE by virtue of Section 6A(4) of the Companies Act, 1965 held through Idea Kosmo Sdn Bhd and his spouse.

Mr. Tang does not hold any shares in the subsidiaries of MWE other than as follows:-

Name of Subsidiaries	No. of Ordinary Shares of RM1.00 each
Davex Holdings Berhad	171,765
Davex (Malaysia) Sdn Bhd	127,000
Daviscomms (S) Pte Ltd	30,000

He has no family relationship with any other director and/or substantial shareholder of MWE. He has no conflict of interest with MWE and has no convictions for offences within the past ten years.

LIM KONG YOW

Executive Director

Malaysian, aged 52, was appointed to the Board of MWE on 11 December 2001. Mr. Lim obtained his professional qualifications from Chartered Institute of Management Accountants (United Kingdom) in 1982 and is a member of Malaysian Institute of Accountants. He has more than 20 years of working experience in the field of audit, accounting, management, tax and secretarial services.

Mr. Lim started his career by working in Multi-Purpose Holdings Berhad attached to Internal Audit Department for 2 years before moving to Hong Leong Group of Companies. In December 1989, he joined MWE Group of Companies as a Group Chief Accountant and was later promoted to Group Financial Controller. He is principally involved in the accounting, administration, financial functions and management of the MWE Group. He sits on the boards of several private limited companies.

Mr. Lim holds 48,000 ordinary shares of RM1.00 each in MWE. He is also deemed to have an indirect interest in 4,000 ordinary shares of RM1.00 each in MWE held through his spouse.

Mr. Lim does not hold any shares in the subsidiaries of MWE, has no family relationship with any other director and/or substantial shareholder of MWE. He has no conflict of interest with MWE and has no convictions for offences within the past ten years.

DATO' DR LOGA BALA MOHAN A/L JAGANATHAN

Executive Director

Malaysian, aged 41, was appointed to the Board of MWE on 14 December 2006. He obtained a Bachelor of Law (LLB) Honours from King's College, University of London, United Kingdom in 1987 and was admitted to the Honourable Society of the Middle Temple, London, United Kingdom. He was conferred a Doctorate in Philosophy from the Pacific Western University, USA in 1997. He started his career as Managing Director with Sanatan Holdings Sdn Bhd in 1993 and was later appointed as Executive Director of Tenco Berhad in 1996. In 1999, he was appointed Executive Director of Westmont Lands Sdn Bhd and a Director of Wing Teik Holdings Berhad. He was also appointed as an Executive Director of Associated Kaolin Industries Berhad in year 2000. Presently, he sits on the Board of Meda Inc Berhad, Comintel Corporation Berhad and several private limited companies in Malaysia.

Dato' Dr Loga does not hold any shares in MWE or its subsidiaries other than as follows:-

Name of Subsidiary	No. of Ordinary Shares of RM1.00 each
Bay Potential Sdn Bhd	30,000

He has no family relationship with any other director and/or substantial shareholder of MWE; neither does he have any conflict of interest with MWE. He has had no convictions for offences within the past ten years.

DATO' SURIN UPATKOON

Non-Independent Non-Executive Director

Thai, aged 58, was appointed to the Board of MWE on 29 July 1976.

Dato' Surin is currently the Managing Director of Multi-Purpose Holdings Berhad, Chairman of Magnum Corporation Berhad and Magnum 4D Berhad respectively.

Dato' Surin has vast working experience particularly in the textile manufacturing business and played a key role in the expansion and development of MWE Group of Companies. He was first appointed the Managing Director of MWE Spinning Mills Sdn Bhd on 30 November 1974, taking charge of its day-to-day operations. Subsequently, he was appointed the Managing Director of MWE Weaving Mills Sdn Bhd.

Dato' Surin is actively involved in community services for the benefit of education and charity. He is a Director of Han Chiang College in Penang and Vice President of Penang Table Tennis Association. He also sits on the boards of several public and private limited companies.

Dato' Surin is a substantial shareholder of MWE. He holds 786,630 ordinary shares of RM1.00 each in MWE. He is also deemed to have an indirect interest in 54,877,522 ordinary shares of RM1.00 each in MWE by virtue of Section 6A(4) of the Companies Act, 1965 held through Casi Management Sdn Bhd.

Dato' Surin does not hold any shares in the subsidiaries of MWE, has no family relationship with any other director and/or substantial shareholder of MWE. He has no conflict of interest with MWE and has no convictions for offences within the past ten years.

LAWRENCE LIM SWEE LIN

Independent Non-Executive Director

Malaysian, aged 50, was appointed to the Board of MWE Holdings Berhad on 1 August 1989. Mr. Lim holds a Bachelor of Arts degree in Economics (Honours) from the University of Sheffield and a Masters degree in Business Administration from University of Manchester, United Kingdom.

He is an Executive Director of Magnum Corporation Berhad ("Magnum") and holds directorships in all the subsidiary companies in the Magnum group. Prior to this, Mr. Lim was with a leading merchant bank in Malaysia where he was principally involved in syndications, debt securitisation and project financing. In addition, he sits on the boards of a number of private and public limited companies both in Malaysia and overseas.

Mr. Lim holds 320,000 ordinary shares of RM1.00 each in MWE. Mr. Lim does not hold any shares in the subsidiaries of MWE, has no family relationship with any other director and/or substantial shareholder of MWE. He has no conflict of interest with MWE and has no convictions for offences within the past ten years.

DATO' AHMAD HASMUNI BIN HJ HUSSEIN

Independent Non-Executive Director

Malaysian, aged 72, was appointed to the Board of MWE on 26 January 2000. Dato' Ahmad Hasmuni holds a Bachelor of Arts degree from University of Malaya (1965). He has served in the Ministry of Education since 1965 and later, became the Secretary to the Senate Parliament of Malaysia in 1970 prior to his retirement from the government service in 1986.

Dato' Ahmad Hasmuni has gained vast experiences in construction, property development and transportation and was appointed to the boards of several private limited companies. Currently, he is also a Director of Metech Group Berhad, a public listed company on the Bursa Malaysia Securities Berhad.

Dato' Ahmad Hasmuni does not hold any shares in MWE or its subsidiaries. He has no family relationship with any other director and/or substantial shareholder of MWE; neither does he have any conflict of interest with MWE. He has had no convictions for offences within the past ten years.

DATO' SHAHBUDIN BIN IMAM MOHAMAD

Independent Non-Executive Director

Malaysian, aged 65, was appointed to the Board of MWE on 14 September 2000. Dato' Shahbudin graduated with a Bachelor of Arts degree from University of Malaya in 1966.

He spent over 31 years of his career with the Malaysian Government holding various positions such as Assistant Secretary of Malaysian Home & Foreign Service in the Ministry of Labour, Assistant Secretary of Establishment Division in the Public Service Department, Principal Assistant Secretary in the Ministry of Defence, Deputy Secretary-General in the Ministry of Energy, Telecom & Post, Deputy Director Budget in the Treasury, The Honourable State Secretary in Pahang and lastly as a Deputy Secretary General - Operation in the Ministry of Finance before he retired in 1997.

Dato' Shahbudin also sits on the board of another public listed company, Bonia Corporation Berhad. He also sits on the boards of several private limited companies.

Dato' Shahbudin does not hold any shares in MWE or its subsidiaries. He has no family relationship with any other director and/or substantial shareholder of MWE; neither does he have any conflict of interest with MWE. He has had no convictions for offences within the past ten years.

TAN CHOR TECK

Independent Non-Executive Director

Malaysian, aged 45, was appointed to the Board of MWE on 14 September 2000. Mr. Tan graduated with a degree in Law & Arts from the Melbourne University in 1984. He started his career by working on various projects in Sydney before returning to Malaysia in 1996 where he had been involved in residential property development and management.

Currently, Mr. Tan sits on the boards of several private limited companies that are involved in property development and property management.

Mr. Tan holds 350,000 ordinary shares of RM1.00 each in MWE. He is also deemed to have an indirect interest in 9,719,680 ordinary shares of RM1.00 each in MWE by virtue of Section 6A(4) of the Companies Act, 1965 held through Simansu Sdn Bhd and his family members.

Mr. Tan does not hold any shares in the subsidiaries of MWE, has no family relationship with any other director and/or substantial shareholder of MWE. He has no conflict of interest with MWE and has no convictions for offences within the past ten years.

Name	Nationality	Details of membership in Board Committees	Family relationship with any director and / or major shareholder of MWE	Conflict of interest with MWE	Convictions for offences within the past 10 years other than traffic offences
Tang King Hua *(Appointed on 2 February 2000)*	Malaysian/ Chinese	-	NIL	NIL	NIL
Lim Kong Yow *(Appointed on 11 December 2001)*	Malaysian/ Chinese	AC	NIL	NIL	NIL
Dato' Dr Loga Bala Mohan a/l Jaganathan *(Appointed on 14 December 2006)*	Malaysian/ Indian	-	NIL	NIL	NIL
Dato' Surin Upatkoon *(Appointed on 29 July 1976)*	Thai/ Chinese	RC	NIL	NIL	NIL
Lawrence Lim Swee Lin *(Appointed on 1 August 1989)*	Malaysian/ Chinese	-	NIL	NIL	NIL
Dato' Ahmad Hasmuni bin Hj Hussein *(Appointed on 26 February 2000)*	Malaysian/ Malay	AC, NC & RC	NIL	NIL	NIL
Dato' Shahbudin bin Imam Mohamad *(Appointed on 14 September 2000)*	Malaysian/ Malay	AC &NC	NIL	NIL	NIL
Tan Chor Teck *(Appointed on 14 September 2000)*	Malaysian/ Chinese	AC, NC & RC	NIL	NIL	NIL

AC – Audit Committee
RC - Remuneration Committee
NC - Nomination Committee

On behalf of the Board of Directors, I have pleasure in presenting the Annual Report and Accounts of the Group and the Company for the financial year ended 31 December 2006.

FINANCIAL PERFORMANCE

Group's total revenue for the financial year under review, decreased by 32% to RM451.8 million as compared to RM663.0 million recorded in the previous year. The lower revenue recorded was primarily due to the Group's decision to equity account the results of PI International Holdings Ltd ("PIIH"), as the Group now has control over 44% of the equity shareholding of PIIH.

Despite the exclusion of PIIH's results, the Group's profit before tax increased from RM19.9 million in the previous year to RM31.1 million during the year under review. The Electronics Division together with the Textile Division contributed to the Group's higher profit. The fine improvement in the Group's results was also supported by the gains in the disposal of investments.

At the company level, profit before tax was higher at RM20.2 million as compared to RM15.9 million recorded in the previous year. The increase in profit was mainly due to gains in the disposal of investments.

DIVIDEND

The Board is recommending final dividends of 2% tax exempt and 2% less tax (2005: 1% tax exempt) amounting to RM8.0 million for the financial year ended 31 December 2006. The final dividends are subject to the approval of Shareholders at the forthcoming Annual General Meeting and will be paid on 1 August 2007 to Shareholders whose names appear in the Register of Members on 23 July 2007.

Together with the interim dividends of 4% tax exempt and 1% less tax paid on 26 March 2007, the total dividends payout by the Company will be RM18.9 million for the financial year ended 31 December 2006, representing 63% increase as compared to RM11.6 million paid in the previous financial year.

REVIEW OF OPERATIONS

Textile Division

The performance of the Textile Division for the year under review improved substantially as compared to year 2005. The Division achieved 19% growth in revenue, registering RM141.3 million as compared to RM118.7 million recorded in the previous year. In line with the increase in revenue, the Division managed to record a profit before tax of RM6.0 million as compared to a loss of RM3.7 million recorded in the previous year.

Our Vietnam operations, United Sweethearts Garment (Vietnam) Co. Ltd performed well, achieving profit before tax of RM3.2 million on a turnover of RM21.2 million as compared to RM0.9 million recorded in the previous year on a turnover of RM12.9 million. The second phase of factory building was completed in March 2006 and with this expansion of Sewing section, the production capacity has now been increased to 26 lines from previous 6 lines.

I am pleased to inform the Shareholders that with the withdrawal of the quota restriction in Vietnam when Vietnam became a WTO Member on 11 January 2007 and coupled with the Free Trade Agreement ("FTA") between Malaysia and USA which is presently under negotiation, we are optimistic that the Textile Division will turn in another year of commendable performance in 2007 as the Division has responded swiftly by placing extra efforts to strengthen production efficiency and timely delivery by building a bigger production base both in Malaysia and Vietnam.

Electronics Division

During the year under review, the Electronics Division posted turnover of RM197.0 million as compared to RM424.5 million reported in the previous year. This reduction in turnover was mainly attributed to equity account for the results of PI International Holdings Ltd ("PIIH"). However, profit before tax was higher at RM19.2 million as compared to RM15.9 million posted in year 2005. This increase was largely contributed by the sustenance of the Lighting section and the Freight section.

Turnover for the Lighting section, during the year under review, surpassed the RM100.0 million mark to RM106.5 million as compared to RM98.8 million recorded in year 2005, representing an increase of 8%. The increase was mainly contributed by the revenue growth where an aggressive market expansion exercise was undertaken in Vietnam, Thailand and European countries. Despite the increase in turnover, the profit margin of the section has eroded by 3% as compared to year 2005. The drop was attributed mainly to rising commodity prices and labour costs and the strengthening of the Ringgit.

The pager business undertaken by Daviscomms Group experienced a difficult year. This was mainly due to reduction in external sales orders from its major customers in anticipation for the launching of newer models in year 2007. As a result, revenue decreased by 23% or RM14.1 million to RM46.3 million during the year under review. The weakening of US Dollars together with high salaries cost and other related costs also adversely affected profit margins.

The Freight section's turnover increased significantly by 40% to RM45.4 million which was largely contributed by newly secured customers and additional business volume from existing customers. The section also contributed RM2.3 million in profit before tax during the year as compared to RM1.8 million recorded in the previous year.

Year 2007 is expected to be a challenging year for the Electronics Division with the global economy hinging on a possible threat of recession with a cloud of uncertainties looms over world economy. Nevertheless, the Division expects to improve its performance in the years ahead.

Property Division

MWE Plaza reported a 7% increase in occupancy rate to 97%. Meanwhile, the occupancy rate for Prime Plaza, a 10-storey office building has remained low. In view of this, the Division has concluded the sale of the building in April 2007 which is expected to complete in the month of July 2007.

During the year under review, the Property Division purchased lands for the development of bungalows and semi-detached houses in Penang and Kuala Lumpur. Building plans submission is underway to the relevant authorities for approval which the Division is expecting to launch before the end of the year 2007.

MWE Advanced Structure Sdn Bhd, the Group's construction arm, has during the year, completed 113 units of terrace houses and 8 units of double storey semi-detached houses at Elite Garden, Bukit Mertajam, Penang. At the same time, 97 units of 3 storey super terrace houses at Tanjong Tokong were fully completed and handed over.

Leisure Division

During the year, Monterez Golf & Country Club ("MGCC") performed reasonably well despite stiff competition, registered higher revenue as compared to the previous financial year. This was mainly attributed to increase business activities in the golf club as well as contributions from F & B outlets and Monterez Wellness Sanctuary, a centre that provides traditional Chinese medicine; acupuncture and acupoint massage therapy, which was opened for business on 1 May 2006.

As part of our continued efforts to expand membership base, MGCC will embark on expansion programmes and initiatives by providing additional amenities and services in year 2007.

PROSPECTS

Malaysian economy is expected to strengthen by 6% in year 2007 and growth is expected to be broad-based with contribution from all sectors, led by services, manufacturing and agriculture. Pragmatic and dynamic economic policies are expected to help steer Malaysia out of the anticipated prolonged uncertainties in the global economy.

Against this backdrop, efforts will be made to strengthen its core activities in improving productivity and cost efficiencies that will help the Group to maintain its competitive edge in the global market.

We are optimistic that the Group will be well placed to meet the challenges ahead and attain its objectives with a view to maximize Shareholders' returns.

DIRECTORATE

The Board is delighted to welcome Dato' Dr Loga Bala Mohan A/L Jaganathan who joined the Board on 14 December 2006 as our Executive Director. I look forward to his valuable contributions to the Group.

APPRECIATION

On behalf of the Board of Directors, I wish to thank our valued shareholders, esteemed customers, business associates, bankers, government authorities and regulatory bodies for their continuous support throughout the year.

To all our management and staff, we thank you for your unwavering commitments and contributions over the year that has enabled the Group to register continuing success.

And finally, I would like to thank my fellow directors for their invaluable advice and contributions to the Group.

TANG KING HUA
Managing Director
24 April 2007

The Board of Directors of MWE Holdings Berhad appreciates the importance of adopting the principles and best practices in corporate governance as set out in the Malaysian Code on Corporate Governance ("the Code"). The Board will maintain a transparent disclosure of the manner and extent that the Company has applied the said principles and best practices.

1. THE BOARD OF DIRECTORS

The Board & Board Balance

The composition of the Board reflects a balance with a mix of technical, administrative and business experiences that has been vital to the direction of the Group.

Currently, the Board has eight (8) members, comprising one (1) non-independent & non-executive director, four (4) independent & non-executive directors, one (1) managing director and two (2) executive directors. The number of independent & non-executive directors make up more than one third (1/3) of the membership of the Board and their presence provided fair and independent view to the Board.

The Board also delegates specific responsibilities to various committees such as Audit Committee, Remuneration Committee and Nomination Committee to assist in discharging their duties. The brief profiles of all directors are given in pages 10 to 13. The management functions have been delegated to the managing and executive directors. The delegation of authority by the Board enables the Board to achieve operational efficiency and yet maintain control over major policies and decisions.

The Board operates in an open environment in which opinions and information are freely exchanged and in these circumstances any concerns need not be focused on a single director as all members of the Board fulfill this role individually and collectively.

Board Meetings

The Board met six (6) times during the year 2006, whereat it reviewed and approved various issues including the Group's quarterly financial results, the performance of the subsidiaries, the business plan and strategy of the Group and corporate proposals. The Board also reviewed the adequacy of the Group's internal control system, identified addressed principal risks in the Group's through the powers delegated to the Audit Committee.

The details of attendance of each Director at the Board of Directors' Meetings held during the financial year ended 31 December 2006 are set out as follows:-

Directors	Attendance
Tang King Hua	6/6
Lim Kong Yow	6/6
Dato' Dr Loga Bala Mohan a/l Jaganathan *(appointed with effect from 14.12.2006)*	N/A
Dato' Surin Upatkoon	6/6
Lawrence Lim Swee Lin	5/6
Dato' Ahmad Hasmuni bin Hj Hussein	5/6
Dato' Shahbudin bin Imam Mohamad	6/6
Tan Chor Teck	6/6

The agenda for Board meetings, together with the detailed reports and proposition papers to be tabled at the Board meetings, are circulated to all the Directors for their perusal and consideration prior to each Board meeting.

All matters arising, deliberation and conclusions of the Board meetings are clearly and accurately recorded in the minutes of meetings by the Company Secretary, confirmed by the Board and signed as a correct record by the Chairman of meeting.

Senior Management staff as well as advisers and professionals appointed to advise on corporate proposals, were invited to attend Board meetings to provide the Board with their views and explanations on certain agenda items tabled to the Board, and to furnish clarification on issues that may be raised by the Directors.

Supply of Information

All Directors are supplied with necessary information on a timely basis to carry out their duties. Information given is inclusive of but not limited to financial figures, yearly budgets, business plans, list of directors' dealings, legal issues, project papers, draft circular etc. for discussion in Board Meetings as well as other occasions.

The Directors have full access to the senior management and the advice and services of the Company Secretary. In addition, the Directors may also seek independent professional advice, at the Company's expense, if any.

Appointment to the Board

Nomination Committee was set up on 28 August 2002 to ensure the process of nominating and appointing new members to the Board is fair and transparent. Currently, the Committee comprises the following members:-

1. Dato' Ahmad Hasmuni bin Hj Hussein *(Independent Non-Executive Director)*
2. Dato' Shahbudin bin Imam Mohamad *(Independent Non-Executive Director)*
3. Tan Chor Teck *(Independent Non-Executive Director)*

The Board, through the Nomination Committee, reviews annually its required mix of skills and experience and other qualities, including core competencies of all Directors to ensure the effectiveness of the Board as a whole and the committees of the Board.

Re-election of Directors

In accordance with the Company's Articles of Association, all Directors are subject to election at the first Annual General Meeting after their appointment.

The Articles also provide that at least one third (1/3) of the Directors are subject to re-election by rotation at each Annual General Meeting. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors' Training

All directors have attended the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad ("Bursa Securities") and also successfully accumulated the requisite Continuing Education Programme ("CEP") points under Practice Note No. 15/2003 of the Listing Requirements of Bursa Securities within the stipulated time frame. The Directors are encouraged to attend continuous programmes and seminars to keep abreast with laws and regulations, development in the market place and the best practices. During the financial year, the Directors attended a half-day (1/2) seminar covering the new Financial Reporting Standards.

Directors' Remuneration

The Remuneration Committee currently comprises the following members:-

1. Dato' Ahmad Hasmuni bin Hj Hussein *(Independent Non-Executive Director)*
2. Tan Chor Teck *(Independent Non-Executive Director)*
3. Dato' Surin Upatkoon *(Non-independent and Non-Executiive Director)*

The Committee is entrusted with the responsibility of developing the policy on Executive Directors' remuneration package and recommending to the Board the remuneration and compensation of Managing Director and Executive Directors.

The determination of the remuneration package of the Non-Executive Directors shall be a matter for the Board as a whole, with the Director concerned abstaining from deliberation and voting on decisions in respect of his remuneration.

Directors' fees are approved by the shareholders together with the Audited Financial Statements of the Company at the Annual General Meeting.

The aggregate remuneration of the Directors of the Company, inclusive of Directors' fees, for the financial year ended 31 December 2006 are as follows:-

	Directors' Fees RM	Salary RM	Other Emoluments RM	Total RM
Executive Directors	61,250	703,995	335,968	1,101,213
Non-Executive Directors	150,000	120,000	30,600	300,600
Total	211,250	823,995	366,568	1,401,813

The number of Directors of the Company who served during the financial year and whose total remuneration from the Group falling within the respective bands are as follows:-

	Number of Directors	
Range of Remuneration	Executive	Non-Executive
Up to 50,000	1	4
100,001-200,000	-	1
400,001-500,000	1	-
600,001-700,000	1	-

2. RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Company recognises the importance of regular and timely dissemination of information to shareholders and investors of the Company via annual report and financial statements, circulars to shareholders, quarterly financial reports and the various announcements made during the year. These will enable the shareholders, investors and members of the public to have an overview of the Group's performance and operations.

Care has been taken to ensure that no market sensitive information, such as corporate proposals, financial results or other material information is disseminated to any party without first making an official announcement to Bursa Malaysia Securities Berhad.

Shareholders and members of the public can obtain the Company's latest announcements via the Bursa Malaysia Securities Berhad website at www.bursamalaysia.com.

3. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board holds responsible to provide and present to its shareholders, a balanced and understandable assessment of the Group's financial performance and prospects at the end of each financial year, through its annual financial statements, quarterly and half-yearly announcement of results to shareholders as well as the Managing Director's Statement and review of operations in the annual report.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. All accounting standards which the Board considers to be applicable have been followed, subject to any explanations and material departures disclosed in the notes to the financial statements.

Audit Committee

The composition, terms of reference and activities of the Audit Committee are set out in the Audit Committee Report.

In addition to the duties and responsibilities set out under its terms of reference, the Audit Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Company's internal control and risk management systems.

Internal Controls

The Board acknowledges that it is responsible for maintaining a sound system of internal controls, which provides reasonable assessment of effective operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. A statement on Internal Control of the Group is set out on page 27 of the Annual Report.

Relationship with the Auditors

Through the Audit Committee, the Group has established a close and transparent relationship with the Company's external auditors. The external auditors report to the Audit Committee and the Management on any weaknesses in the internal control systems and any non-compliance of accounting standards that come to their attention in the course of their audit.

Directors' Responsibility Statement

The Board is responsible for ensuring that the financial statements of the group to give a true and fair view of the state of affairs of the group and of the Company at the end of the accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied and complied with subjects to any explanations and material departures disclosed in the notes to the financial statements.

The Directors hereby confirm that appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates in the preparation of the financial statements.

Share Buybacks

During the financial year, there was no share buyback by the Company.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities was exercised during the financial year.

Imposition of Sanctions/Penalties

There were no material sanctions and/or penalties imposed on the Company and its subsidiary companies, directors or management by the relevant regulatory bodies.

Non-audit Fees

There were no non-audit fees paid to the external auditors for the financial year ended 31 December 2006.

Profit Estimate, Forecast or Projection

There were no variances of ten percent (10%) or more between the results for the financial year and the unaudited results and the profit forecast previously made or released by the Company.

Profit Guarantee

During the financial year, there were no profit guarantees given by the Company.

Material Contracts involving Directors/Substantial Shareholders' interests

During the year, there were no material contracts on the Company and its subsidiaries involving directors or substantial shareholders' interest.

Contracts Relating to Loans

There were no contracts relating to loans by the Company in respect of the material contracts involving directors' and major shareholders' interests.

Revaluation of Landed Properties

The Company does not have a revaluation policy on landed properties.

Recurrent Related Party Transactions of a Revenue or Trading Nature (RRPT)

The RRPT entered into by the Company during the financial year ended 31 December 2006 pursuant to the renewal of the Shareholders' Mandate granted at the Extraordinary General Meeting held on 16 June 2006 were as follows:-

Name of company within MWE Group	Related Party	Nature of Transactions	Interested Directors/Major Shareholders and/ or person connected to them	Actual Amount (RM)
Metra Management Sdn Bhd ("Metra")	MPHB	Rental of office space	Dato' Surin Dato' Tham	257,598
		Provision of share registration/ secretarial services to MPHB.		246,374
Metra	MCB	Provision of share registration and secretarial services.	Dato' Surin Dato' Tham	187,796
Metra	M4D	Provision of share registration and secretarial services.	Dato' Surin Dato' Tham	24,545
Metra	E&O	Provision of share registration services.	Dato' Surin Dato' Tham	48,950
Metra	EOPD	Provision of share registration services.	Dato' Tham	276,979

Dato' Surin Upatkoon ("Dato' Surin") is a director and major shareholder of MWE Holdings Berhad ("MWE") (holding direct interest of 0.34% and indirect interest of 23.70%) and also deemed as major shareholder of Multi-Purpose Holdings Berhad ("MPHB") (holding indirect interest of 27.14%), Magnum Corporation Berhad ("MCB") (holding indirect interest of 53.76%) and Magnum 4D Berhad ("M4D") (holding indirect interest of 97.63%). He ceased to be a major shareholder of Eastern & Oriental Berhad ("E&O") with effect from 19 April 2006.

Dato' Tham Ka Hon ("Dato' Tham") ceased to be a major shareholder of MWE with effect from 5 December 2005. Pursuant to Paragraph 10.02(f) of Listing Requirements of Bursa Securities, Dato' Tham was a major shareholder within the preceding six (6) months, therefore, Dato' Tham is still considered a major shareholder of MWE during the year. Dato' Tham has resigned as a director of MPHB on 16 June 2006 and also ceased to be a major shareholder of MPHB on 20 July 2006. However, accordingly he was still a deemed director and major shareholder within the preceding six (6) months. Dato' Tham is a director and major shareholder of E&O (holding direct interest of 2.47% and indirect interest of 25.26%) and E&O Property Development Berhad ("EOPD") (holding indirect interest of 70.31%).

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

Dato' Ahmad Hasmuni bin Hj Hussein
Chairman – Independent Non-Executive Director

Tan Chor Teck
Independent Non-Executive Director

Dato' Shahbudin bin Imam Mohamad
Independent Non-Executive Director

Lim Kong Yow
Executive Director

TERMS OF REFERENCE

The terms of reference of the Audit Committee have been amended and revised in consistent with the current Listing Requirements of the Bursa Malaysia Securities Berhad.

Objectives :-

i. assist in the fiduciary duties of the Board in matters pertaining to business ethics, policies, financial management, internal control, accounting policies and financial reporting of the Company and its subsidiaries;

ii. maintain and enhance a line of communication and independence between the Group and the external auditors; and

iii. ensure a system of internal control which will mitigate the likelihood of fraud or error.

Composition Of Audit Committee

The members of the Audit Committee shall be appointed by the Board from amongst its members which shall fulfill the following requirements:-

i. the Audit Committee shall be composed of no fewer than three (3) members;

ii. the majority of the Audit Committee shall be independent directors; and

iii. at least one member of the Audit Committee:-

   a) must be a member of the Malaysian Institute of Accountants; or

   b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-

      - must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
      - must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

The Board must ensure that no alternate director is appointed as a member of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from amongst their members who shall be an independent director.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above requirements, the Board must fill the vacancy within three (3) months.

Authority

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the committee.

The Audit Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Audit Committee is authorised to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

Functions And Responsibilities

The functions and responsibilities of the Audit Committee shall include the following:-

1. review the following and report the same to the Board of Directors of the Company:-

   a) the audit plan with the external auditors;

   b) evaluation of the system of internal controls with the external auditors;

   c) audit report with the external auditors;

   d) the assistance given by the employees of the Company to the external auditors;

   e) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-

      - changes in or implementation of major accounting policy changes;
      - significant and unusual events; and
      - compliance with accounting standards and other legal requirements;

   f) the engagement of Internal Audit Services Provider;

   g) any related party transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

   h) any letter of resignation from the external auditors of the Company; and

   i) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;

2. recommend the nomination of a person or persons as external auditors;

3. promptly report to the Bursa Malaysia Securities Berhad on a matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Bursa Malaysia Securities Berhad; and

4. perform any other function that may be agreed upon by the Committee and the Board.

Meetings And Reporting Procedures

Meeting shall be held at least four (4) times a year. The external auditors may request a meeting if they consider this necessary.

The quorum shall consist of a majority of Committee members who must be independent directors.

In the absence of the Chairman of the Committee, the members of the Committee present shall elect one of the independent directors to chair the meeting. A resolution put to vote shall be decided by a majority of votes of the members present, each member having one vote.

Other directors and employees may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

The Secretary shall be responsible in conjunction with the Chairman, for drawing up the agenda and circulating it to the committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of meetings for the Committee, and circulating them to the Committee members and to other members of the Board as the Committee deems necessary.

The Company Secretary will act as the Secretary of the Committee.

The Committee convened five (5) meetings during the financial year ended 31 December 2006 and the attendance record is as follows:-

	28/2/2006	25/4/2006	30/5/2006	29/8/2006	28/11/2006
Dato' Ahmad Hasmuni bin Hj Hussein	✓	✓	X	✓	✓
Dato' Shahbudin bin Imam Mohamad	✓	✓	✓	✓	✓
Mr. Tan Chor Teck	✓	✓	✓	✓	✓
Mr. Lim Kong Yow	✓	✓	✓	✓	✓

Activities

During the year under review, the Audit Committee undertook the following activities:-

- Reviewed and approved the annual internal audit plan for year 2006.
- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval. The review and discussions were conducted with the Group Financial Controller of the Company.
- Reviewed the audited financial statements for the financial year ended 31 December 2006 with the external auditors prior to submission to the Board for their consideration and approval.
- Reviewed the internal audit reports of the Company's subsidiaries, highlighting the audit issues, recommendations and management's response.
- Reviewed significant related party transactions entered into by the Group.
- Reviewed the revised Audit Committee Chapter in compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad.

INTERNAL AUDIT FUNCTION

The group outsourced its internal audit function to a reputable professional services firm with international affiliation, which is independent from the activities of the Company and reports directly to the Committee, who in turn decides on the remit of the internal audit function.

Its principal responsibility is to provide independent assessments of the Group's internal control systems to ensure adequate, efficient and effective compliance with systems and standard operating procedures in each of the operations in the Group and the scope encompasses the audits of all the companies within the Group over a period of two (2) years per cycle. The Audit Committee has received several reports from the Internal Auditors on the audit work, recommendations and management's responses prior to the Committee meetings. During the year, it had carried out the audits according to the audit plan, which had been approved by the Audit Committee.

The final internal audit reports undertaken during the year were forwarded to the Management for necessary corrective and preventive actions as recommended. The Management is responsible for ensuring that the actions are implemented within the required time frame.

The Board is pleased to make the following disclosures pursuant to Paragraph 15.27 (b) of the Bursa Malaysia Securities Berhad Listing Requirements, which requires the Board of Directors of public listed companies to include in its annual report "a statement about the state of internal control of the listed issuer as a group".

Board Responsibility

The Board recognises its overall responsibility in promoting good corporate governance and maintaining a sound system of internal control and the need to regularly review its adequacy and integrity. Such system covers not only financial controls but also operational and compliance controls. It should be noted that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. The system by its nature can provide only reasonable but not absolute assurance against material misstatement or loss.

Risk Management Framework

Risk Management is seen as an integral part of the Group's business operations by the Board. The Group has in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review. Senior management will assess and appraise the cost and benefits, impact on the Group, review the financial implications before any investment or significant expenditure is made.

This ongoing process is undertaken at all the major subsidiaries of the Group, as well as collectively on a Group basis, and the processes, findings, and actions taken by the Management subsequently are all reviewed regularly by the Board.

Assurance on Internal Control to the Board

The responsibility for reviewing the adequacy and integrity of the internal control systems has been delegated by the Board to the Audit Committee. In turn, the Audit Committee assesses the adequacy and integrity of the internal control systems through independent reviews conducted via reports it received from the external auditors, internal auditors and management.

The Group outsourced its internal audit function to a professional services firm to provide the Audit Committee and the Board with the assurance they require pertaining to the adequacy and effectiveness of internal control and governance systems. During the financial year, the internal audit function reviewed internal controls in key activities of the Group according to the annual internal audit plan approved by the Audit Committee. The internal audit adopted a risk-based approach and the audit plan is prepared based on the risk profiles of the Group's major businesses. Opportunities for improving the system of internal control were identified and presented to the Audit Committee via internal audit reports, whilst Management formulated the relevant action plans to implement them.

In addition, the internal audit function also carried out follow-up visits to ensure that recommendations for improvement to the internal control systems are satisfactorily implemented. Although a number of internal control weaknesses were identified, none of the weaknesses have resulted in any material losses or contingencies that would require separate disclosure in this annual report.

The Board currently does not regularly review the internal control systems of its associate companies, as the Board does not have any direct control over their operations. Notwithstanding this, the Group's interest is served through representation on the Board of the associate companies. This representation also provides the Board with information for timely decision-making on the continuity of the Group's investments based on the performances of the associated companies.

Key Elements of Internal Control

The key processes that the Board has established in reviewing the adequacy and integrity of the Group's systems of internal control include the following:-

1. A well defined organisational structure with clear lines of accountability and which has a documented delegation of authority that sets out the decisions that need to be taken and the appropriate authority levels of management including matters that required Board approval.

2. The Audit Committee reviews the quarterly financial reports, annual financial statements and the internal audit report on a periodic basis. Discussions with Management were held to deliberate on the actions that are required to be taken to address internal control matters identified by the outsourced internal audit function.

3. A comprehensive business planning and budgeting process which establishes plans and targets against which performances are monitored on an on-going basis. The business planning process of the Group determines business objectives, examines strengths, weaknesses, opportunities, threats and key business risks, from which action plans are formulated thereon.

Conclusion

The Board is committed towards operating a sound system of internal control and effective risk management practices throughout the Group. The Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal control.

Financial Statements

For the Year Ended 31 December 2006

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are indicated in Note 6 to the financial statements.

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

RESULTS

	Group RM	Company RM
Net profit for the year	26,942,583	18,670,212
Attributable to:		
Shareholders of the Company	25,630,258	18,670,212
Minority interests	1,312,325	-
	26,942,583	18,670,212

DIVIDENDS

Dividends paid or declared by the Company since the end of the previous financial year were as follows:

	RM
(a) In respect of the financial year ended 31 December 2005 as disclosed in the directors' report of that year	
- Interim dividend of 4% tax exempt paid on 22 February 2006	9,248,161
- Final dividend of 1% tax exempt paid on 1 August 2006	2,312,040
	11,560,201
(b) In respect of the financial year ended 31 December 2006 -	
- Interim dividends paid on 26 March 2007	
- 4% tax exempt	9,248,161
- 1% less 27% tax	1,687,789
	10,935,950

The directors now recommend the payment of the following final dividends for the financial year ended 31 December 2006, subject to approval of the shareholders at the forthcoming annual general meeting:

	RM
2% tax exempt	4,624,080
2% less 27% tax	3,375,579
	7,999,659

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

REPURCHASE OF SHARES

At the extraordinary general meeting of the Company held on 6 June 2005, the shareholders approved the share buy-back of up to 10% or up to 23,155,901 ordinary shares of the issued and paid-up share capital of the Company. The authority from the shareholders has been renewed at the annual general meeting of the Company held on 16 June 2006 and this authority will expire at the conclusion of the forthcoming annual general meeting of the Company.

There were no repurchase of shares during the financial year under review. The Company repurchased 355,000 ordinary shares in the previous financial year for a total consideration of RM234,841 from the open market at prices ranging from RM0.65 to RM0.67 per share.

The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares and carried at cost in accordance with the requirements of section 67A of the Companies Act, 1965. There has been no sale or cancellation of such shares to date.

At 31 December 2006, the total number of treasury shares held by the Company is 355,000 ordinary shares.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

In 2001, the Company granted share options to eligible full-time salaried employees including full-time executive directors of the Company and its subsidiaries to subscribe for ordinary shares of RM1 each under the ESOS approved by the shareholders and the relevant authorities. The Option was to be exercised between 27 November 2001 and 20 September 2006 at RM1.00 per share. The shares issued from the exercise of the Option under the ESOS rank pari passu in all respects with the existing issued and paid-up ordinary shares of the Company. The Option granted did not confer any rights to participate in any share issue of any other companies of the Group.

There were no Share Options exercised during the financial year under review. The remaining unexercised Share Options lapsed on 20 September 2006, being the expiry date of the Share Option. The ESOS was not extended by the Company.

The movements in the Share Options are as follows:

	Number of options over ordinary shares
At 1 January 2006	13,331,000
Forfeiture due to resignations	(1,006,000)
Expired on 20 September 2006	(12,325,000)
At 31 December 2006	-

DIRECTORS

The directors in office since the date of the last report are:

Mr Tang King Hua
Mr Lim Kong Yow
Dato' Surin Upatkoon
Mr Lawrence Lim Swee Lin
Dato' Hj Ahmad Hasmuni bin Hj Hussein
Dato' Shahbudin bin Imam Mohamad
Mr Tan Chor Teck
Dato' Dr. Loga Bala Mohan A/L Jaganathan (appointed on 14-12-2006)

In accordance with the Company's Articles of Association, Dato' Dr. Loga Bala Mohan A/L Jaganathan who was appointed to the board subsequent to the date of the last annual general meeting, retires from the board at the forthcoming annual general meeting together with Mr Tang King Hua and Dato' Surin Upatkoon who retire by rotation. All the retiring directors, being eligible, offer themselves for re-election.

Dato' Hj Ahmad Hasmuni bin Hj Hussein retires at the annual general meeting in accordance with section 129 of the Companies Act, 1965. The Board recommends that he be re-appointed as director of the Company and to hold office until the next annual general meeting.

DIRECTORS' INTERESTS IN SHARES

According to the register of directors' shareholdings required to be kept under section 134 of the Companies Act, 1965, none of the directors who held office at the end of the financial year, held any shares or had any interests in shares and share options in the Company during the financial year except as follows:

	Number of ordinary shares of RM1 each			
The Company	At 1-1-2006	Bought	Sold	At 31-12-2006
Mr Tang King Hua				
- direct interest	9,460,100	570,700	-	10,030,800
- deemed interest	1,181,700	1,000,000	-	2,181,700
Mr Lim Kong Yow				
- direct interest	27,000	21,000	-	48,000
- deemed interest	4,000	-	-	4,000
Dato' Surin Upatkoon				
- direct interest	786,630	-	-	786,630
- deemed interest	54,877,522	-	-	54,877,522
Mr Lawrence Lim Swee Lin				
- direct interest	320,000	-	-	320,000
Mr Tan Chor Teck				
- direct interest	350,000	-	-	350,000
- deemed interest	9,719,680	-	-	9,719,680

Share options granted under the ESOS of the Company

	Number of options over ordinary shares of RM1 each				
	At 1-1-2006	Granted	Exercised	Expired	At 31-12-2006
Mr Tang King Hua	600,000	-	-	600,000	-
Mr Lim Kong Yow	450,000	-	-	450,000	-

By virtue of his interests in shares in the Company, Dato' Surin Upatkoon is deemed to have interests in shares in all the subsidiaries to the extent the Company has an interest. None of the other directors held any shares or had any interests in shares in the Company and its related corporations during the financial year except for the interest in shares held by Mr Tang King Hua in the following subsidiaries:

	Number of ordinary shares of RM1 each			
	At 1-1-2006	Bought	Sold	At 31-12-2006
Davex Holdings Berhad				
- direct interest	349,275	-	177,510	171,765
- deemed interest	162,490	-	162,490	-
Davex (Malaysia) Sdn Bhd				
- direct interest	127,000	-	-	127,000

	Number of ordinary shares of SGD1 each			
	At 1-1-2006	Bought	Sold	At 31-12-2006
Daviscomms (S) Pte Ltd				
- direct interest	30,000	-	6,000	24,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than as disclosed in Notes 31, 34 and 41 to the financial statements) by reason of a contract made by the Company or a related corporation with the 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.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company 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:

  (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, or

  (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading, or

  (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

  (i) any charge on the assets of the Company or its subsidiaries 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 Company or its subsidiaries which has arisen since the end of the financial year.

(d) No contingent or other liability of the Company or its subsidiaries has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company or its subsidiaries to meet their obligations as and when they fall due.

(e) At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company and of the Group which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the directors:

  (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of the new and revised FRSs as disclosed in Note 1(a) to the financial statements; and

  (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Moores Rowland, Chartered Accountants, have expressed their willingness to continue in office.

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

DATO' SURIN UPATKOON
Director

TANG KING HUA
Director

24 April 2007

We have audited the financial statements of the Company set out on page 36 to 101. These financial statements are the responsibility of the Company's directors.

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

We conducted our audit in accordance with approved auditing standards issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as an evaluation of the overall presentation of the financial statements. We believe our audit has provided us with a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards for Entities Other Than Private Entities so as to give a true and fair view of:

    (i) the state of affairs of the Group and of the Company at 31 December 2006 and of their results and cash flows for the year ended on that date; and

    (ii) the matters required by section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification, and in respect of subsidiaries incorporated in Malaysia, did not include any comment made under section 174 (3) of the Act.

MOORES ROWLAND
No. AF: 0539
Chartered Accountants

GAN MORN GHUAT
No. 1499/5/07 (J)
Partner

24 April 2007

Balance Sheets

31 December 2006

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
NON-CURRENT ASSETS					
Property, plant and equipment	3	97,617,604	114,759,809	-	-
Investment properties	4	55,064,272	68,610,210	-	-
Land held for property development	5	17,345,065	25,185,548	-	-
Investment in subsidiaries	6	-	-	156,431,667	150,651,928
Amount owing by subsidiaries	7	-	-	212,710,970	202,828,294
Investment in associates	8	23,184,001	1,520,403	1	1
Other investments	9	37,199,935	43,910,129	17,559,322	11,902,637
Intangible assets	10	18,784,282	17,372,002	-	-
Deferred tax assets	11	581,834	1,892,398	-	-
		249,776,993	273,250,499	386,701,960	365,382,860
CURRENT ASSETS					
Inventories	12	59,545,895	89,213,632	-	-
Property development costs	13	21,404,951	7,097,385	-	-
Gross amount due from customers	14	11,372,897	7,769,402	-	-
Trade and other receivables	15	102,102,031	176,483,767	4,500	5,952
Amount owing by associates	16	1,658,997	561,168	-	-
Current tax assets		7,192,797	6,970,255	5,813,156	5,111,320
Fixed and time deposits	17	13,474,230	27,124,645	-	2,800,000
Cash and bank balances	18	22,827,416	29,911,261	935,881	317,459
		239,579,214	345,131,515	6,753,537	8,234,731
Non-current assets held for sale	19	11,000,000	-	-	-
		250,579,214	345,131,515	6,753,537	8,234,731
TOTAL ASSETS		500,356,207	618,382,014	393,455,497	373,617,591

BALANCE SHEETS

31 December 2006

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
EQUITY					
Share capital	20	231,559,015	231,559,015	231,559,015	231,559,015
Reserves	21	61,679,192	48,898,992	60,924,631	53,814,620
Treasury shares	22	(234,841)	(234,841)	(234,841)	(234,841)
Equity attributable to shareholders of the Company		293,003,366	280,223,166	292,248,805	285,138,794
Minority interests		31,071,864	67,777,334	-	-
TOTAL EQUITY		324,075,230	348,000,500	292,248,805	285,138,794
NON-CURRENT LIABILITIES					
Hire purchase and finance lease liabilities	23	1,816,815	1,786,701	-	-
Bank term loans	24	12,134,794	27,651,520	11,500,000	23,000,000
Amount owing to subsidiaries	7	-	-	52,987,942	41,243,801
Deferred tax liabilities	25	7,676,662	8,852,531	-	-
Deferred income	26	16,039,675	16,581,438	-	-
		37,667,946	54,872,190	64,487,942	64,243,801
CURRENT LIABILITIES					
Gross amount due to customers	14	5,325,596	646,763	-	-
Trade and other payables	27	74,635,093	147,917,487	6,517,215	7,476,865
Hire purchase and finance lease liabilities	23	996,448	851,684	-	-
Bank borrowings	28	54,516,426	61,061,989	30,201,535	16,758,131
Current tax liabilities		3,139,468	5,031,401	-	-
		138,613,031	215,509,324	36,718,750	24,234,996
TOTAL LIABILITIES		176,280,977	270,381,514	101,206,692	88,478,797
TOTAL EQUITY AND LIABILITIES		500,356,207	618,382,014	393,455,497	373,617,591

Notes to and forming part of the financial statements are set out on page 45 to 101
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Income Statements

For The Year Ended 31 December 2006

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Continuing operations					
Gross revenue	29	451,834,995	662,958,817	14,974,063	17,301,411
Cost of sales	30	(373,682,905)	(563,928,969)	-	-
Gross profit		78,152,090	99,029,848	14,974,063	17,301,411
Other operating income		4,032,961	23,734,517	1,193,701	5,557,617
Selling and distribution costs		(14,110,344)	(16,550,268)	-	-
Administrative and general expenses		(43,616,110)	(77,392,431)	(1,276,697)	(1,826,322)
Other operating expenses		(1,070,944)	(435,688)	-	-
Profit from operations	31	23,387,653	28,385,978	14,891,067	21,032,706
Finance costs	32	(4,820,276)	(5,690,769)	(2,776,447)	(3,046,517)
Fair value adjustment on investment properties		(2,000,000)	-	-	-
Net gain/(loss) from investments	33	17,763,660	2,231,906	8,111,732	(2,068,184)
Share of results of associates		(3,178,728)	893,894	-	-
Profit before tax from continuing operations		31,152,309	25,821,009	20,226,352	15,918,005
Loss before tax from discontinued operations	34	(81,080)	(5,890,071)	-	-
Profit before tax		31,071,229	19,930,938	20,226,352	15,918,005
Tax expense	35	(4,128,646)	(3,849,478)	(1,556,140)	(2,240,000)
Net profit for the year		26,942,583	16,081,460	18,670,212	13,678,005
Attributable to:					
Shareholders of the Company		25,630,258	17,188,781	18,670,212	13,678,005
Minority interests		1,312,325	(1,107,321)	-	-
Net profit for the year		26,942,583	16,081,460	18,670,212	13,678,005
Earnings per ordinary share attributable to equity holders of the Company:	36				
Basic (sen)		11.09	7.43		
Net dividend per ordinary share (sen)	37	8.19	5.00	8.19	5.00

Notes to and forming part of the financial statements are set out on page 45 to 101
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Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2006

	← Attributable to equity holders of the Company →								
	Share capital RM	Share premium RM	Exchange translation reserve RM	Capital reserve RM	(Accumulated loss)/ Unappropriated profit RM	Treasury shares RM	Total RM	Minority interests RM	Total equity RM
At 1 January 2005	231,559,015	23,586,099	10,757,460	24,417,826	(9,202,691)	-	281,117,709	74,277,420	355,395,129
Effect of adopting FRS 140 (Note 4)	-	-	-	-	(11,495,873)	-	(11,495,873)	-	(11,495,873)
At 1 January 2005, restated	231,559,015	23,586,099	10,757,460	24,417,826	(20,698,564)	-	269,621,836	74,277,420	343,899,256
Transfer from capital reserve	-	-	-	(23,480,548)	23,480,548	-	-	-	-
Acquisition of additional shares in subsidiaries	-	-	-	-	-	-	-	(266,395)	(266,395)
Dilution of equity interests in subsidiaries	-	-	-	-	-	-	-	403,741	403,741
Exchange translation differences	-	-	(1,721,430)	-	-	-	(1,721,430)	-	(1,721,430)
Net (loss)/gain recognised directly in equity	-	-	(1,721,430)	(23,480,548)	23,480,548	-	(1,721,430)	137,346	(1,584,084)
Net profit/(loss) for the year	-	-	-	-	17,188,781	-	17,188,781	(1,107,321)	16,081,460
Total recognised income and expense for the year	-	-	(1,721,430)	(23,480,548)	40,669,329	-	15,467,351	(969,975)	14,497,376
Dividends paid									
- Dividend of the Company (Note 37)	-	-	-	-	(4,631,180)	-	(4,631,180)	-	(4,631,180)
- Dividends of subsidiaries	-	-	-	-	-	-	-	(5,530,111)	(5,530,111)
Shares purchased held as treasury shares	-	-	-	-	-	(234,841)	(234,841)	-	(234,841)
At 31 December 2005 carried forward	231,559,015	23,586,099	9,036,030	937,278	15,339,585	(234,841)	280,223,166	67,777,334	348,000,500

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2006

	Attributable to equity holders of the Company								
	Share capital RM	Share premium RM	Exchange translation reserve RM	Capital reserve RM	(Accumulated loss)/ Unappropriated profit RM	Treasury shares RM	Total RM	Minority interests RM	Total equity RM
At 31 December 2005 brought forward	231,559,015	23,586,099	9,036,030	937,278	15,339,585	(234,841)	280,223,166	67,777,334	348,000,500
Effect of adopting FRS 3 [Note 1(a)(i)]	-	-	-	-	2,433,826	-	2,433,826	-	2,433,826
At 1 January 2006, restated	231,559,015	23,586,099	9,036,030	937,278	17,773,411	(234,841)	282,656,992	67,777,334	350,434,326
Transfer to capital reserve	-	-	-	300,000	(300,000)	-	-	-	-
Acquisition of additional shares in subsidiaries	-	-	-	-	-	-	-	(2,815,247)	(2,815,247)
Deconsolidation of a subsidiary	-	-	(969,909)	(483,122)	-	-	(1,453,031)	(38,226,169)	(39,679,200)
Dilution of equity interests in subsidiaries	-	-	-	-	-	-	-	1,952,590	1,952,590
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	1,625,956	1,625,956
Exchange translation differences	-	-	(2,270,652)	-	-	-	(2,270,652)	1,360,713	(909,939)
Net loss recognised directly in equity	-	-	(3,240,561)	(183,122)	(300,000)	-	(3,723,683)	(36,102,157)	(39,825,840)
Net profit for the year	-	-	-	-	25,630,258	-	25,630,258	1,312,325	26,942,583
Total recognised income and expense for the year	-	-	(3,240,561)	(183,122)	25,330,258	-	21,906,575	(34,789,832)	(12,883,257)
Dividends paid									
- Dividends of the Company (Note 37)	-	-	-	-	(11,560,201)	-	(11,560,201)	-	(11,560,201)
- Dividends of subsidiaries	-	-	-	-	-	-	-	(1,915,638)	(1,915,638)
At 31 December 2006	231,559,015	23,586,099	5,795,469	754,156	31,543,468	(234,841)	293,003,366	31,071,864	324,075,230

Notes to and forming part of the financial statements are set out on page 45 to 101
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Statement Of Changes In Equity

For The Year Ended 31 December 2006

	Share capital RM	Share premium RM	Capital reserve RM	Unappropriated profit RM	Treasury shares RM	Total RM
At 1 January 2005	231,559,015	23,586,099	13,761,928	7,419,768	-	276,326,810
Transfer from capital reserve	-	-	(13,761,928)	13,761,928	-	-
Net profit for the year	-	-	-	13,678,005	-	13,678,005
Dividend paid (Note 37)	-	-	-	(4,631,180)	-	(4,631,180)
Shares purchased held as treasury shares	-	-	-	-	(234,841)	(234,841)
At 31 December 2005	231,559,015	23,586,099	-	30,228,521	(234,841)	285,138,794
Net profit for the year	-	-	-	18,670,212	-	18,670,212
Dividends paid (Note 37)	-	-	-	(11,560,201)	-	(11,560,201)
At 31 December 2006	231,559,015	23,586,099	-	37,338,532	(234,841)	292,248,805

Notes to and forming part of the financial statements are set out on page 45 to 101
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Cash Flow Statements

For The Year Ended 31 December 2006

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax from continuing operations	31,152,309	25,821,009	20,226,352	15,918,005
Adjustments for:				
Depreciation	8,375,143	13,508,128	-	-
Gain on disposal of property, plant and equipment	(198,428)	(283,696)	-	-
Property, plant and equipment written off	116,229	85,588	-	-
Fair value adjustment on investment properties	2,000,000	-	-	-
Gain on disposal of an investment property	(16,585)	-	-	-
Net (gain)/loss from investments (Note 33)	(17,763,660)	(2,231,906)	(8,111,732)	2,068,184
Share of results of associates	3,178,728	(893,894)	-	-
Amortisation of goodwill on acquisition	-	2,294,684	-	-
Amortisation of intangible assets	-	167,094	-	-
Impairment loss on goodwill	3,606,826	-	-	-
Inventories written down	-	70,998	-	-
Allowance for doubtful debts	3,103,835	543,153	-	-
Allowance for doubtful debts written back	(486,939)	(7,260,122)	-	-
Bad debts written off	24,231	-	926	629,695
Unrealised loss on foreign exchange	114,383	1,969,416	-	-
Dividend income	(700,219)	(223,857)	(14,974,063)	(17,301,411)
Interest income	(731,078)	(4,365,490)	(1,193,701)	(2,316,335)
Interest expenses	4,809,036	5,785,288	2,776,447	3,046,517
Hire purchase and finance lease term charges	171,046	188,197	-	-
Operating profit/(loss) before working capital changes	36,754,857	35,174,590	(1,275,771)	2,044,655
Changes in inventories	(1,194,338)	3,357,073	-	-
Changes in property development costs	(6,467,083)	1,935,136	-	-
Changes in receivables	(18,426,676)	(19,390,318)	526	(526)
Changes in payables	6,036,132	31,262,613	(959,650)	(808,770)
Changes in trade line borrowings	4,671,065	3,385,508	-	-
Cash generated from/(utilised in) operations	21,373,957	55,724,602	(2,234,895)	1,235,359
Interest received	731,078	4,365,490	1,193,701	2,316,335
Interest paid	(4,809,036)	(5,785,288)	(2,776,447)	(3,046,517)
Tax (paid)/refunded	(6,308,607)	(5,957,324)	-	388,789
Net cash from/(used in) operating activities				
- Continuing operations	10,987,392	48,347,480	(3,817,641)	893,966
- Discontinued operations (Note 34)	837,044	(1,987,354)	-	-
	11,824,436	46,360,126	(3,817,641)	893,966

Cash Flow Statements

For The Year Ended 31 December 2006

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(8,406,402)	(15,178,793)	-	-
Purchase of investment properties	(366,604)	(2,327,570)	-	-
Purchase of additional shares in subsidiaries	(5,798,043)	(193,722)	(5,779,739)	-
Purchase of other investments	(17,345,549)	(21,378,604)	(10,810,620)	(10,509,838)
Proceeds from disposal of property, plant and equipment	514,994	1,005,355	-	-
Proceeds from disposal of an investment property	929,127	-	-	-
Proceeds from disposal of other investments	20,128,763	3,793,929	13,265,667	1,647,295
Proceeds from partial disposal of shares in subsidiaries	3,825,600	-	-	-
Net cash flow from deconsolidation of a subsidiary (Note 38)	(11,754,062)	-	-	-
Redemption of preference shares in an investee company	950,000	800,000	-	-
(Advances to)/Repayment from subsidiaries	-	-	(9,882,676)	15,947,611
(Withdrawal)/Placement of fixed deposits pledged	(24,810)	627,342	-	-
Dividends received from subsidiaries	-	-	12,351,647	14,740,870
Dividends received from associates	719,100	2,595,452	-	-
Dividends received from other investments	700,219	223,857	364,440	60,124
Expenditure on intangible assets capitalised	-	(50,789)	-	-
Net cash (used in)/from investing activities				
- Continuing operations	(15,927,667)	(30,083,543)	(491,281)	21,886,062
- Discontinued operations (Note 34)	-	1,916,896	-	-
	(15,927,667)	(28,166,647)	(491,281)	21,886,062
CASH FLOWS FROM FINANCING ACTIVITIES				
Bank borrowings raised	14,621,335	4,773,000	13,701,535	-
Repayment of bank borrowings	(12,784,537)	(28,317,740)	(11,750,000)	(27,750,000)
Payment of hire purchase and finance lease instalments	(840,020)	(1,000,889)	-	-
Hire purchase and finance lease term charges paid	(171,046)	(188,197)	-	-
Repurchase of shares	-	(234,841)	-	(234,841)
Capital injection by minority shareholders	3,439,888	959,831	-	-
Advances from subsidiaries	-	-	11,744,141	10,030,182
Dividends paid to shareholders	(11,560,201)	(4,631,180)	(11,560,201)	(4,631,180)
Dividends paid to minority interests	(1,915,638)	(5,530,111)	-	-
Net cash (used in)/from financing activities	(9,210,219)	(34,170,127)	2,135,475	(22,585,839)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(13,313,450)	(15,976,648)	(2,173,447)	194,189
EFFECTS OF CHANGES IN EXCHANGE RATES	17,892	350,558	-	-
	(13,295,558)	(15,626,090)	(2,173,447)	194,189
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	46,701,164	63,097,009	3,109,328	2,915,139
EFFECTS OF CHANGES IN EXCHANGE RATES	104,374	(769,755)	-	-
	46,805,538	62,327,254	3,109,328	2,915,139
CASH AND CASH EQUIVALENTS CARRIED FORWARD	33,509,980	46,701,164	935,881	3,109,328

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Represented by:				
FIXED AND TIME DEPOSITS	13,138,712	22,510,615	-	2,800,000
CASH AND BANK BALANCES	22,827,416	29,911,261	935,881	317,459
BANK OVERDRAFTS	(2,456,148)	(5,720,712)	-	(8,131)
	33,509,980	46,701,164	935,881	3,109,328

During the financial year, the Group acquired property, plant and equipment amounting to RM9,414,496 (2005 : RM17,763,413) of which RM1,008,094 (2005 : RM1,785,828) was financed under hire purchase and finance lease and the balance of RM8,406,402 (2005 : RM15,977,585) was paid by cash.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board. At the beginning of the current financial year, the Group and the Company had adopted all the new and revised Financial Reporting Standards ("FRSs") which are mandatory and applicable to the Group and the Company for the financial periods beginning on or after 1 January 2006.

The Group has not opted for early adoption of the revised FRS 117, Leases and FRS 124, Related Party Disclosures, which are effective for financial periods beginning on or after 1 October 2006 and new FRS 139, Financial Instruments: Recognition and Measurement, which has been deferred to an effective date yet to be announced.

In the opinion of the directors, the adoption of these FRSs other than as described below does not result in significant changes in the accounting policies of the Group and the Company, or has significant impact on the financial statements of the Group and the Company except for the presentation of the balance sheets of the Group and the Company upon the adoption of FRS revised 101 and the reclassification of non-current assets held for sale upon the adoption of new FRS 5. The principal changes in accounting policies and their effects resulting from the adoption of the following FRSs are discussed below:

(i) FRS 3, Business Combination, FRS 136, Impairment of Assets and FRS 138, Intangible Assets

FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 January 2006.

Goodwill

Prior to 1 January 2006, goodwill was capitalised and amortised on a straight-line basis over its estimated useful life of 20 years or written off in the year of acquisition. At each balance sheet date, the Group assessed if there was any indication of impairment of the cash-generating unit in which the goodwill is attached. With the adoption of FRS 3 and FRS 136, the Group ceased to amortise goodwill. Instead, goodwill is carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it may be impaired.

In accordance with the transitional provisions of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from 1 January 2006. The transitional provisions of FRS 3 also require the Group to eliminate the carrying amount of the accumulated amortisation at 1 January 2006 against the carrying amount of goodwill. The net carrying amount of goodwill at 1 January 2006 of RM19,485,295 ceased to be amortised thereafter. The effects of applying the transitional provisions are shown in Note 10.

The adoption of FRS 3 and FRS 136 has had no impact on the carrying amount of the goodwill on acquisition in the consolidated balance sheet at 31 December 2006 and the amount of goodwill charged to consolidated income statement for the financial year as the impairment loss on goodwill for the year would have the same impact on the consolidated income statement and the consolidated balance sheet at 31 December 2006, as follows:

	As required under FRS 3 and FRS 136 RM	Had there been no change in accounting policy RM
Impairment loss on goodwill for the year	3,606,826	1,169,148
Amortisation of goodwill for the year	-	2,437,678
Amount of goodwill charged to consolidated income statement for the year	3,606,826	3,606,826

Because the revised accounting policy has been applied prospectively, the change has no impact on amounts reported for 2005 or prior periods. The new accounting policy on the recognition and measurement of goodwill is disclosed in Note 1(f)(ii).

Negative Goodwill

Prior to 1 January 2006, negative goodwill was retained in the consolidated balance sheet and would be credited to income statement over a suitable period decided in relation to the particular circumstances which give rise to it. Under FRS 3, any excess of the Group's interest in net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisitions after reassessment, is recognised immediately in the consolidated income statement. In accordance with the transitional provisions of FRS 3, the negative goodwill of the Group at 1 January 2006 of RM2,433,826 was derecognised with a corresponding increase in the unappropriated profit of the Group as follows:

Group	At 1-1-2006 RM
Increase in unappropriated profit	2,433,826
Decrease in negative goodwill (Note 10)	(2,433,826)

(ii) FRS 5, Non-Current Assets Held for Sale and Discontinued Operations

Prior to 1 January 2006, non-current assets held for sale were not classified separately on the balance sheet. There were no differences in the measurement of non-current assets held for sale and those for continuing use. Upon adoption of FRS 5, non-current assets held for sale are classified as current assets and are stated at the lower of carrying amount and fair value less costs to sell. The new accounting policy on the recognition and measurement of non-current assets held for sale and discontinued operations is disclosed in Note 1(o).

The Group has applied FRS 5 prospectively in accordance with the transitional provisions. Accordingly, during the financial year ended 31 December 2006, the Group has reclassified a landed property at a fair value of RM11,000,000 from investment properties to non-current assets held for sale as it met the conditions for such classification in accordance with the requirements of FRS 5. Because the new accounting policy has been applied prospectively, the changes have had no impact on amounts reported for 2005 or prior periods.

(iii) FRS 101, Presentation of Financial Statements

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

These changes in presentation have been applied retrospectively, and accordingly, the comparatives have been restated. These changes in presentation have no impact on the financial statements of the Company.

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

These changes in presentation have been applied retrospectively, and accordingly, the comparatives have been restated as shown in Note 46. These changes in presentation have no impact on the financial statements of the Company.

The measurement bases applied in the presentation of the financial statements of the Group and the Company include cost, amortised cost, recoverable value, realisable value and fair value as indicated in the accounting policies set out below. Accounting estimates are used in measuring these values.

The financial statements of the Group and the Company are presented in Ringgit Malaysia (RM) which is also the functional currency of the Company. The financial statements of foreign operations that have a functional currency other than RM have been translated and presented in RM.

(b) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 10 : Measurement of the recoverable amount of cash-generating units containing goodwill

- Note 15 : Estimate made for allowance for doubtful debts on trade and other receivables

(c) Subsidiaries

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

In the Company's balance sheet, investments in subsidiaries are stated at cost less accumulated impairment losses, unless the investment is classified as held for sale or included in a disposal group that is classified as held for sale. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Uniform accounting policies are adopted for like transactions and events in similar circumstances. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

All 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.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only. Unrealised profits and losses resulting from intra-group transactions that are recognised in assets are also eliminated in full. The temporary differences arising from the elimination of unrealised profits and losses are recognised in accordance with Note 1(w).

Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of a business combination 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. The excess of the cost of a business combination 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 identifiable assets, liabilities and contingent liabilities recognised, over the Group's cost of a business combination is recognised immediately in the consolidated income statement after reassessment.

Minority interests represent the portion of profit or loss and net assets of subsidiaries, attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Company. Minority interests are presented separately in the consolidated balance sheet within equity while minority interests in the profit or loss of the Group are separately disclosed in the consolidated income statement.

(e) 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 unless they are classified as held for sale or included in a disposal group that is classified as held for sale. Under the equity method, the investments in associates are carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associates. The Group's share of the net profit or loss of the associates is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such change. In applying the equity method, unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group's interests in the associates. 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 associates. The associates are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates.

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 investments are acquired.

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

In applying the equity method of accounting, the post-acquisition results and reserves of the associates accounted for are based on the most recent available audited financial statements of the associates and where the date of the audited financial statements used is not coterminous with that of the Group, the share of results is derived from the last audited financial statements available and management financial statements made up to the end of the accounting year. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's balance sheet, investments in associates are stated at cost less accumulated impairment losses unless they are classified as held for sale or included in a disposal group that is classified as held for sale.

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

(f) Intangible assets

(i) Patents

The cost of patents acquired and developed separately including cost of registration of patents are measured on initial recognition at cost. The costs of the patents acquired are their fair value at the date of acquisition. Following initial recognition, the patents are carried at cost less accumulated amortisation and any accumulated impairment losses. The patents, which are regarded to have finite useful lives are amortised on a straight line basis over the expected useful economic life of 5 years.

The carrying amount of the patents is tested annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level.

The useful life of the patents is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(ii) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(g) Property, plant and equipment

(i) Measurement basis

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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. The difference between net disposal proceeds, if any, and its net carrying amount is recognised in the income statement.

(ii) Depreciation

Freehold land and capital work-in-progress are not depreciated. Leasehold land is amortised over the remaining lease periods of 30 to 99 years.

Depreciation is calculated to write off the cost of other property, plant and equipment on the straight line basis to their residual values over their expected useful lives at the following annual rates:

Buildings	1% - 10%
Plant and machinery	7.5% - 40%
Motor vehicles	10% - 30%
Furniture, fixtures and equipment	2% - 50%

Capital work-in-progress will only be depreciated when the assets are ready for their intended use.

The residual values, useful lives 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.

(h) Leases

(i) Finance leases - assets acquired under hire purchase and finance lease agreements

Assets financed by hire purchase and finance lease arrangements which transfer substantially all the risks and rewards of ownership to the Company are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. On initial recognition, assets acquired by way of hire purchase and finance lease are stated at an amount equal to the lower of their fair values and the present values of the minimum hire purchase and finance lease payments at the inception of the hire purchase and finance lease agreements. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

In calculating the present value of the minimum hire purchase and finance lease payments, the discount rate is the interest rate implicit in the hire purchase and finance lease agreements, if this is practicable to determine, if not, the Company's incremental borrowing rates are used.

(ii) Operating leases

Operating leases are those leases other than finance leases. Lease payments under operating leases are charged to the income statement on the straight line basis over the lease term.

(i) Investment properties

Investment properties are properties which are held either to earn rentals or for capital appreciation or both. Properties that are occupied by the Company and companies in the Group are accounted for as owner-occupied under property, plant and equipment rather than investment properties. The investment properties are measured initially at cost, including transaction costs and subsequent to initial recognition, the investment properties are stated at fair value, which is arrived at by reference to market evidence of transaction prices for similar properties and reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair value of the investment properties are recognised as income or expense in the income statement in the period in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

An 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 the income statement in the period in which they arise.

(j) Land held for property development and property development costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified under non-current assets and is stated at cost less accumulated impairment loss. The policy for the recognition and measurement of impairment loss is in accordance with Note 1(p).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise land and development costs which include costs directly attributable to the development activities and other costs that can be allocated on a reasonable basis to such activities as well as interest expenses incurred during the period of development.

Property development costs which are not recognised as an expense, are recognised as an asset and are measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

(k) Other investments

Other investments which are held for long term, are stated at cost less any diminution in value of the investments. An allowance for diminution in value is made if the directors are of the opinion that there is a decline in the value of such investments which is other than temporary. The diminution in value is charged to the income statement. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(l) Inventories

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

Cost is determined principally on the weighted average, first-in first-out and specific identification bases appropriate to the type of inventory. Cost comprises the landed cost of goods purchased and in the case of work-in-progress and finished goods, cost comprises direct materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

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.

(m) Gross amount due from/to customers

On the balance sheet, contracts work-in-progress are reflected either as gross amounts due from or due to customers, where a gross amount due from customers is the surplus of (i) costs incurred plus profits recognised under the percentage of completion method over (ii) recognised foreseeable losses plus progress billings. A gross amount due to customers is the surplus of (ii) over (i).

(n) Receivables

Receivables are stated at anticipated realisable values. Known bad debts are written off and an estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(o) Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition and the sale is highly probable subject only to terms that are usual and customary.

On initial classification as held for sale, a non-current asset is measured at the lower of its carrying amount and fair value less costs to sell. Immediately before the initial classification of the asset as held for sale, the carrying amount of the asset is measured in accordance with applicable FRSs.

An impairment loss is recognised for any initial or subsequent write-down of the asset to its fair value less costs to sell. Subsequent increase in fair value less costs to sell is recognised as a gain in the income statement to the extent any cumulative impairment loss that has been recognised previously in the income statement.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

(p) Impairment of assets

The carrying amounts of assets other than financial assets, other investments, deferred tax asset, inventories and assets arising from construction contracts are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. For goodwill that has an indefinite useful life, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are charged to the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or groups of units on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. 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 to the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

Any subsequent increase in recoverable amount of an asset is recognised as reversal of previous impairment loss and should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(q) Share capital

Ordinary shares are recorded at nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost directly attributable to the issuance of the shares is accounted for as a deduction from share premium, otherwise, it is charged to the income statement.

Shares repurchased are held as treasury shares under section 67A of the Companies Act, 1965 and are accounted for under the treasury stock method. Cost of treasury shares comprises the cost of repurchase and incidental costs, and is set off against equity.

Dividends on ordinary shares, when declared or proposed by the directors of the Company are disclosed in the notes to the financial statements. Upon approval and when paid, such dividends will be accounted for in the shareholders' equity as a distribution of unappropriated profit in the financial year in which the dividends are paid.

(r) Payables

Payables are stated at cost and are recognised when there is a contractual obligation to deliver cash or another financial asset to settle the obligation.

(s) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the functional currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operations, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operations, are recognised in the income statement for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, regardless of the currency of the monetary item, are recognised in the income statement in the Company's financial statements or the individual financial statements of the foreign operations, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are recognised in income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency other than the presentation currency of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rates prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(t) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the revenue can be measured reliably, on the following bases:

(i) Sale of goods and completed units of properties

Sale of goods and completed units of properties are measured at the fair values of the considerations received or receivable net of returns and discounts and are recognised in the income statement when significant risks and rewards of ownership have been transferred to the customers.

(ii) Construction contracts

The Group's construction contracts are all fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that contract costs incurred to-date bear to estimated total costs, and for this purpose only those costs that reflect actual contract work performed are included as costs incurred to date.

When the outcome of a construction contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Where it is probable that the total costs will exceed total revenue, the foreseeable loss is immediately recognised in the income statement irrespective of whether contract work has commenced or not, or the stage of completion of contract activity, or the amounts of profits expected to arise on other unrelated contracts.

Revenue from construction contracts represents the proportionate contract value on construction contracts attributable to the percentage of contract work performed during the financial year.

(iii) Sale of development properties

Property development revenue and expenses are recognised in the income statement using the percentage of completion method, which is applied in circumstances where the outcome of the development activities can be reliably estimated. The stage of completion is estimated by the proportion of cost incurred to-date bear to estimated total costs, and for this purpose only those costs that reflect actual development work performed are included as costs incurred to-date.

Where the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

(iv) Services rendered

Revenue from services rendered is measured at fair value of the consideration received or receivable and is recognised on an accrual basis when services are rendered.

(v) Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established.

(vi) Rental income

Rental income is recognised on a time proportion basis over the lease term.

(vii) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate applicable.

(viii) Licence fees

Licence fees in respect of club membership received by a subsidiary are recognised on time proportion basis over the licence period commencing from the respective dates of signing the licence agreements to 31 August 2089. Licence fees received and receivable which relate to the unexpired licence period are reflected in the consolidated balance sheet as deferred income.

(u) Borrowing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance costs except to the extent that they are directly attributable to the acquisition and construction of development properties, in which case, they are capitalised as part of the property development costs.

Finance costs comprise interest and other expenses paid and payable on borrowings. Borrowing costs incurred on development properties that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs will cease when the assets are completed or during extended periods in which active development is interrupted. The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on borrowings obtained specifically for the purpose of the development.

The interest component of hire purchase and finance lease payments are charged to the income statement over the hire purchase and finance lease periods so as to give a constant periodic rate of interest on the remaining hire purchase and finance lease liabilities.

(v) Employees benefits

(i) Short term benefits

Salaries, wages, allowances, bonuses and social security contributions are recognised as an expense in the financial year in which the services are rendered by the 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 entitlements to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. Non-monetary benefits such as medical care, housing and other staff related expenses are charged to the income statement as and when incurred.

(ii) Defined contribution plans

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the countries in which it operates. These benefits are called defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"), whereas companies in other countries will make contributions to the respective local pension funds. Such contributions are recognised as an expense in the income statement in the financial year to which they relate.

(iii) Equity compensation benefits

The Company operates an ESOS which allows full-time salaried employees (including full time executive directors) of the Company and its subsidiaries to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received. The ESOS expired on 20 September 2006.

(iv) Termination benefits

Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy or after individual employees have been advised of the specific terms.

(w) Tax expense

The tax expense in the income statement comprises current tax and deferred tax. Current tax is an estimate of tax payable in respect of taxable profit for the year based on tax rate enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in full, based on the liability method for taxation deferred in respect of all material temporary differences arising from differences between the tax bases of the assets and liabilities and their carrying amounts in the financial statements. 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 assets are recognised 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 calculated at the tax rate that is expected to apply to 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. Current and deferred tax is recognised as an income or an expense in the income statement or is credited or charged directly to equity if the tax relates to items that are credited or charged, whether in the same or different period, directly to equity.

(x) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, fixed deposits which exclude those pledged to secure banking facilities, deposits held on call with financial institution, bank overdrafts and other short term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

(y) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(i) Financial instruments recognised in the balance sheets

The recognised financial instruments of the Group comprise other investments, cash and cash equivalents, receivables and payables, bank borrowings, hire purchase and finance lease liabilities as well as ordinary share capital. These financial instruments are recognised when a contractual relationship has been established. All the financial instruments are denominated in Ringgit Malaysia, unless otherwise stated. The accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied, are disclosed above. The information on the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes to the financial statements.

(ii) Financial instruments not recognised in the balance sheets

Foreign currency forward contracts

Certain subsidiaries within the Group are parties to foreign currency forward contracts which are not recognised in the financial statements at inception. The objective of entering into these foreign currency forward contracts is to protect these subsidiaries against unfavourable exchange rate movements for purchases undertaken in foreign currencies. Gains or losses from the forward contracts on receivables offset the corresponding foreign exchange losses or gains on payables covered by the forward contracts.

Unsecured guarantees

The Group has provided unsecured guarantees in respect of banking and trading facilities which represent present obligations existed at the balance sheet date but are not recognised in the financial statements at inception because it is not probable that an outflow of economic benefits will be required to settle the obligations.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The overall financial risk management objectives and policies of the Group are to ensure that they create value and maximise returns to its shareholders.

Financial risk management is carried out through risk reviews, internal control systems, benchmarking the industry's best practices and adherence to Group's financial management policies.

The Group has been financing its operations mainly from internally generated funds and bank borrowings.

The main risks arising from the financial instruments of the Group are stated below. The management of the Group monitors the financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group. The management reviews and agrees on policies for managing each of these risks and they are summarised below. These policies have remained unchanged during the financial year.

(i) Credit risk

Credit risk arises when sales are made and services are rendered on deferred credit terms.

The entire financial assets of the Group are exposed to credit risk except for cash and bank balances, time deposits and fixed deposits which are placed with licensed financial institutions in Malaysia and in foreign banks. The Group's exposure to credit risk is monitored on an ongoing basis.

The Group has credit policies in place to manage the credit risk exposure. The risk is managed through the application of the Group's credit management procedures which include the application of credit approvals whereby credit evaluations are performed on all customers requiring credit over a certain amount and period, adherence to credit limits, regular monitoring and follow up procedures.

The Group does not require collateral in respect of financial assets and considers the risk of material loss from the non-performance on the part of a financial counter-party to be negligible.

(ii) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of transactions entered into by the subsidiaries which are denominated in currencies other than their functional currencies. The Group's exposure to foreign currency exchange risk is monitored on an ongoing basis.

Certain subsidiaries entered into foreign currency forward contracts in the normal course of business in order to limit their exposure and to manage exposure to fluctuations in foreign currency exchange rates. These contracts are entered into with licensed financial institutions.

(iii) Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The Group is exposed to interest rate risk in respect of its fixed and time deposits placed with licensed financial institutions, bank borrowings, hire purchase and finance lease liabilities.

Interest rate risk arising from fixed and time deposits placed with financial institutions is managed by sourcing for the highest interest rate in the market amongst licensed financial institutions after taking into account the duration and availability of funds for the operational financial requirements of the Group.

Interest rate risk arising from bank borrowings is subject to floating interest rate with the interest rate spread over the bank's base lending rate plus an acceptance commission charge. The interest rates and commission charges are agreed with the financial institutions before the facilities are accepted.

The Group considers interest rate risk arising from hire purchase and financing lease liabilities to be insignificant as the interest rates and the repayment terms are fixed at inception.

It is the Group's policy not to trade in interest rate swap agreements.

(iv) Market risk

The Group is exposed to market risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market prices.

The Group's exposure to market risk arises from changes in market prices of its quoted investments. These investments are monitored regularly and subject to periodic review. These investments are assessed for any diminution in the carrying values and allowances are made for such diminution in value which is other than temporary.

The Group does not use derivative financial instruments to manage the risk as the investments are held for long term strategic purposes.

(v) Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash, money at call, deposits placements and the availability of funding through an adequate amount of committed credit facilities. The Group's exposure to liquidity and cash flow risk is monitored on an ongoing basis. Therefore, the policy seeks to ensure that each business unit, through efficient working capital management, must be able to convert its current assets into cash to meet all demands for payments on and when they fall due. Due to the nature of the business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available while ensuring internal controls are in place for effective working capital management within the Group.

3. PROPERTY, PLANT AND EQUIPMENT

Group 2006	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fixtures and equipment RM	Capital work-in-progress RM	Total RM
At cost									
At 1 January	572,865	23,513,992	2,908,270	73,474,837	92,088,552	9,488,765	34,604,904	1,426,831	238,079,016
Exchange adjustments	-	-	-	(306,630)	(251,880)	(4,593)	10,157	(19,847)	(572,793)
Additions	-	-	-	2,464,782	3,613,430	955,554	2,380,730	-	9,414,496
Disposals	-	-	-	-	(612,586)	(1,016,644)	(4,448)	-	(1,633,678)
Write-off	-	-	-	-	(714,034)	(1)	(992,940)	-	(1,706,975)
Transfers	-	-	-	577,318	-	-	-	(577,318)	-
Reclassifications	-	-	602,608	(602,608)	-	-	-	-	-
Deconsolidation of a subsidiary	-	-	(82,596)	(6,767,474)	(38,756,287)	(999,151)	(4,035,443)	(829,666)	(51,470,617)
At 31 December	572,865	23,513,992	3,428,282	68,840,225	55,367,195	8,423,930	31,962,960	-	192,109,449
Accumulated depreciation									
At 1 January	-	3,340,613	115,182	16,274,978	70,537,082	6,167,263	26,884,089	-	123,319,207
Exchange adjustments	-	-	-	(40,332)	(88,726)	(7,392)	17,450	-	(119,000)
Charge for the year	-	260,295	74,245	1,290,931	3,653,338	926,946	2,169,388	-	8,375,143
Disposals	-	-	-	-	(407,584)	(905,113)	(4,415)	-	(1,317,112)
Write-off	-	-	-	-	(713,877)	-	(876,869)	-	(1,590,746)
Reclassifications	-	-	120,522	(120,522)	(4,462)	-	4,462	-	-
Deconsolidation of a subsidiary	-	-	(4,129)	(4,849,369)	(26,859,648)	(698,790)	(1,763,711)	-	(34,175,647)
At 31 December	-	3,600,908	305,820	12,555,686	46,116,123	5,482,914	26,430,394	-	94,491,845
Net book value at 31 December	572,865	19,913,084	3,122,462	56,284,539	9,251,072	2,941,016	5,532,566	-	97,617,604

Group 2005	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fixtures and equipment RM	Capital work-in-progress RM	Total RM
At cost									
At 1 January	675,026	23,500,924	2,906,493	71,565,945	111,021,346	9,478,203	33,086,517	326,220	252,560,674
Exchange adjustments	-	-	1,777	(88,701)	(645,623)	(98,205)	(195,855)	12,378	(1,014,229)
Additions	-	13,068	-	821,226	10,017,963	1,860,646	2,573,648	2,476,862	17,763,413
Disposals	(102,161)	-	-	(97,827)	(23,642,677)	(1,670,208)	(628,189)	-	(26,141,062)
Write-off	-	-	-	-	(4,347,055)	(81,671)	(661,054)	-	(5,089,780)
Transfers	-	-	-	1,274,194	1,764	-	112,671	(1,388,629)	-
Reclassifications	-	-	-	-	(317,166)	-	317,166	-	-
At 31 December	572,865	23,513,992	2,908,270	73,474,837	92,088,552	9,488,765	34,604,904	1,426,831	238,079,016
Accumulated depreciation									
At 1 January	-	3,080,319	71,653	14,991,031	89,856,633	6,534,038	25,240,836	-	139,774,510
Exchange adjustments	-	-	51	(86,526)	(491,862)	(74,706)	(145,462)	-	(798,505)
Charge for the year	-	260,294	43,478	1,409,293	7,788,497	1,178,595	2,827,971	-	13,508,128
Disposals	-	-	-	(38,820)	(22,154,508)	(1,388,995)	(578,784)	-	(24,161,107)
Write-off	-	-	-	-	(4,287,634)	(81,669)	(634,516)	-	(5,003,819)
Reclassifications	-	-	-	-	(174,044)	-	174,044	-	-
At 31 December	-	3,340,613	115,182	16,274,978	70,537,082	6,167,263	26,884,089	-	123,319,207
Net book value at 31 December	572,865	20,173,379	2,793,088	57,199,859	21,551,470	3,321,502	7,720,815	1,426,831	114,759,809

The long term leasehold land of a subsidiary with a net book value of RM16,308,646 (2005 : RM16,502,990) is presently licensed to another subsidiary for 97 years which commenced on 1 September 1992 for the purpose of management of a golf course and a clubhouse.

The net book values of property, plant and equipment pledged as securities for banking and other credit facilities granted to the Group are as follows:

	Group	
	2006 RM	2005 RM
Freehold land	446,372	446,372
Long term leasehold land	18,041,880	19,625,579
Buildings	38,030,778	41,222,781
Plant and machinery	492,991	2,225,614
Motor vehicles	561,509	930,556
Furniture, fixtures and equipment	687,718	1,025,015
	58,261,248	65,475,917

Included in the net book value of property, plant and equipment of the Group are the following assets acquired under hire purchase and finance lease:

	Group	
	2006 RM	2005 RM
Plant and machinery	986,193	1,225,690
Motor vehicles	2,164,582	2,008,903
Equipment	184,614	-
	3,335,389	3,234,593

4. INVESTMENT PROPERTIES

	Group	
	2006 RM	2005 RM
At 1 January	68,610,210	77,778,513
Effect of adopting FRS 140 - Fair value adjustments at 1 January	-	(11,495,873)
At 1 January, restated	68,610,210	66,282,640
Additions	366,604	2,327,570
Disposals	(912,542)	-
Fair value adjustment	(2,000,000)	-
Transfer to non-current assets held for sale (Note 19)	(11,000,000)	-
At 31 December	55,064,272	68,610,210
Investment properties comprise:		
Freehold land and buildings	38,512,093	51,145,489
Long term leasehold land and buildings	16,552,179	17,464,721
	55,064,272	68,610,210

The investment properties which were previously classified under other investments had been reclassified as investment properties in the previous financial year upon adoption of FRS 140.

The Company has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both. Certain investment properties of the Group are not rented out to any parties during the financial year under review. However, it is the Group's intention to hold these properties in the long term for capital appreciation or rental income. The Group had adopted the fair value model in measuring the above investment properties with effect from 1 January 2005. The fair value of the investment properties at the end of the financial year was determined by the management by reference to market prices for similar properties and after having considered specific factors such as locality and availability of amenities.

The net carrying amounts of investment properties of certain subsidiaries pledged as securities for bank borrowings granted to the Company are as follows:

	2006 RM	2005 RM
Investment properties		
- freehold land and buildings	34,000,000	47,000,000
- leasehold land and buildings	4,200,000	4,200,000
	38,200,000	51,200,000

5. LAND HELD FOR PROPERTY DEVELOPMENT

Group	2006 Freehold land RM	2006 Leasehold land RM	2006 Total RM	2005 Freehold land RM	2005 Leasehold land RM	2005 Total RM
Land at cost						
At 1 January	1,902,874	6,416,917	8,319,791	2,208,209	6,416,917	8,625,126
Additions	5,891,768	-	5,891,768	-	-	-
Disposal	-	-	-	-	-	-
Transfer to property development costs	(201,691)	(4,054,836)	(4,256,527)	(305,335)	-	(305,335)
At 31 December	7,592,951	2,362,081	9,955,032	1,902,874	6,416,917	8,319,791
Development costs						
At 1 January	1,883,875	14,981,882	16,865,757	-	14,907,757	14,907,757
Additions	196,520	145,753	342,273	1,883,875	74,125	1,958,000
Overestimated in prior year	(258,876)	-	(258,876)	-	-	-
Transfer to property development costs	-	(9,559,121)	(9,559,121)	-	-	-
At 31 December	1,821,519	5,568,514	7,390,033	1,883,875	14,981,882	16,865,757
	9,414,470	7,930,595	17,345,065	3,786,749	21,398,799	25,185,548

6. INVESTMENT IN SUBSIDIARIES

	Company 2006 RM	Company 2005 RM
Unquoted shares, at cost	156,431,667	150,651,928

The subsidiaries, all of which are incorporated in Malaysia, except where indicated, are as follows:

		Gross equity interest 2006 %	Gross equity interest 2005 %	Principal activities
Subsidiaries of the Company				
*	Alu-Paste & Pigments Sdn Bhd	90	100	Investment holding
	Alam Perdana Sdn Bhd	100	100	Inactive
*	Davex Holdings Berhad	98	93	Investment holding
	First Cosmopolitan Sdn Bhd	100	100	Investment holding
	Ganda Pesona Sdn Bhd	100	100	Provision of accounting, secretarial and insurance agency services
	Metra Management Sdn Bhd	100	100	Provision of share registration, management and secretarial services
	MWE Golf & Country Club Berhad	100	100	Management of a golf course and clubhouse and the provision of landscaping services
	MWE Advanced Structure Sdn Bhd	90	90	Building construction and trading in commercial trucks
	MWE Optical Holdings Sdn Bhd	55	55	Investment holding
	MWE Properties Sdn Bhd	100	100	Property investment and development
	MWE Spinning Mills Sdn Bhd	100	100	Investment holding
	MWE Weaving Mills Sdn Bhd	100	100	Temporarily ceased operation
Subsidiary of Alu-Paste & Pigments Sdn Bhd				
	Quasar Industrial Vehicles Sdn Bhd	53	-	Assembling and distributing of trucks
Subsidiaries of Davex Holdings Berhad				
*	Davex (Malaysia) Sdn Bhd	93	93	General importer and supplier of electrical fittings, manufacturing and assembling of all range of electrical cable trunkings and lightings
*	Daviscomms (S) Pte Ltd (incorporated in the Republic of Singapore)	68	83	Design, manufacturing and distribution of telecommunication products
*	Phili-Orient Lines (Penang) Sdn Bhd	61	61	Provision of sea freight forwarding services

		Gross equity interest 2006 %	2005 %	Principal activities
*	Round and Round Pte Ltd (incorporated in the Republic of Singapore)	51	51	Importing and exporting of electronic power conversion products
* #	PI International Holdings Ltd (incorporated in British Virgin Islands)	-	44	Investment holding
Subsidiaries of Davex (Malaysia) Sdn Bhd				
*	Davex Australia Pte Ltd (incorporated in Australia)	100	100	Manufacturer, wholesaler and importer of electrical goods
*	Davex Engineering (M) Sdn Bhd	100	100	Manufacturing and assembling of a range of electrical cable trunkings and lightings
*	Davex Singapore Pte Ltd (incorporated in the Republic of Singapore)	100	100	Trading in electrical products and provision of engineering services
* @	Davex Trading (Pg) Sdn Bhd (under members' voluntary winding up)	100	100	Inactive
*	Specific Form Sdn Bhd	100	100	Investment holding
Subsidiary of Specific Form Sdn Bhd				
*	Realistic Returns Sdn Bhd	100	100	Letting of property
Subsidiary of Daviscomms (S) Pte Ltd				
*	Daviscomms (Malaysia) Sdn Bhd	100	100	Contract manufacturing of electronic products
Subsidiaries of Phili-Orient Lines (Penang) Sdn Bhd				
*	Phili-Orient Airfreight (Penang) Sdn Bhd	100	100	Provision of international air and sea freight forwarding services
* @	Phili-Orient Lines (Port Klang) Sdn Bhd (under members' voluntary winding up)	100	100	Inactive
Subsidiary of Phili-Orient Airfreight (Penang) Sdn Bhd				
*	Phili-Orient Airfreight (Malaysia) Sdn Bhd	100	100	Provision of air and sea freight forwarding services
Subsidiaries of PI International Holdings Ltd				
*	PI Industries Limited (incorporated in British Virgin Islands)	-	100	Investment holdings and trading of electronic parts and electronic power conversion products

	Gross equity interest 2006 %	2005 %	Principal activities
* PI Electronics (Hong Kong) Limited (incorporated in Hong Kong, SAR)	-	100	Investment holding, designing, manufacturing and sale of electronic power conversion products
* PI International Limited (incorporated in British Virgin Islands)	-	100	Inactive
Subsidiaries of PI International Holdings Ltd			
* Profitkey Holdings Limited (incorporated in British Virgin Islands)	-	100	Inactive
* PI Japan Holdings Limited (incorporated in British Virgin Islands)	-	56	Investment holding, dealing in designing and manufacturing of power conversion products
* PI Macao Commercial Offshore Limited (incorporated in Macao, SAR)	-	100	Inactive
Subsidiaries of PI Industries Limited			
* Bao Hui Science & Technology Co., Ltd (incorporated in the People's Republic of China)	-	100	Manufacturing of electronic power conversion products
* PI Power Products (Shenzhen) Co., Ltd (incorporated in the People's Republic of China)	-	100	Manufacturing of electronic power conversion products
Subsidiaries of PI Electronics (Hong Kong) Limited			
* PI Technology (China) Limited (incorporated in Hong Kong, SAR)	-	100	Investment holding and trading of electronic parts and electronic power conversion products
* PI Electronics (Taiwan) Ltd (incorporated in the Republic of Taiwan)	-	75	Trading in electronic components and products
Subsidiary of PI Technology (China) Limited			
* PI Technology (Shenzhen) Limited (incorporated in the People's Republic of China)	-	100	Manufacturing of electronic products
Subsidiary of PI Japan Holdings Limited			
* PI Electronics (Japan) Co., Ltd (incorporated in Japan)	-	99	Provision of marketing services
Subsidiary of First Cosmopolitan Sdn Bhd			
Devanna Limited (incorporated in British Virgin Islands)	100	100	Investment holding
Subsidiary of Metra Management Sdn Bhd			
Metra Nominees Sdn Bhd	100	100	Provision of nominee services

	Gross equity interest 2006 %	2005 %	Principal activities
Subsidiaries of MWE Advanced Structure Sdn Bhd			
MWE Cedar Homes Sdn Bhd	70	70	Inactive
Quasar Industrial Vehicles Sdn Bhd	-	53	Assembling and distributing of trucks
Subsidiaries of MWE Optical Holdings Sdn Bhd			
MWE Optimia JV Sdn Bhd	100	100	Trading in opthalmic products
MWE Optical Trading Sdn Bhd	100	100	Trading in optical products, coating and manufacturing of lenses
Shu Tong Mow Contact Optical Sdn Bhd	100	100	Trading in opthalmic products
Subsidiaries of MWE Properties Sdn Bhd			
Melati Mewah Sdn Bhd	100	100	Property investment and development
Metra PMC Sdn Bhd	100	100	Provision of property management services
MWE Precast Concrete Sdn Bhd	100	100	Inactive
Prime Achiever Sdn Bhd	90	90	Rental of properties
MWE Development Sdn Bhd	70	70	Property development
MWE Tiravest Sdn Bhd	60	60	Property development
Jurangjaya Sdn Bhd	60	60	Property development and property management
MWE Macadam Sdn Bhd	51	51	Building construction
Subsidiary of Melati Mewah Sdn Bhd			
Melati Mewah Property Services Sdn Bhd	100	100	Provision of property management services
Subsidiary of Jurangjaya Sdn Bhd			
Lup Ching Holdings Sdn Bhd	100	100	Property development
Subsidiaries of MWE Spinning Mills Sdn Bhd			
MWE Textile Industries Sdn Bhd	100	100	Manufacturing and sale of dyed knitted fabrics, dyeing and finishing of woven fabrics
United Sweethearts Garment Sdn Bhd	100	100	Manufacturing and sale of garments
* United Sweethearts Garment (Vietnam) Co Ltd (incorporated in Vietnam)	100	100	Production of garment products for export

	Gross equity interest 2006 %	2005 %	Principal activities
Subsidiary of United Sweethearts Garment Sdn Bhd			
USJ Embroidery Sdn Bhd	100	100	Dormant

* Subsidiaries not audited by Moores Rowland or its associates.

@ During the financial year, these subsidiaries have been placed under members' voluntary winding up pursuant to section 254(1)(b) of the Companies Act, 1965. The members' voluntary winding up is part of the Group's continuing rationalisation efforts to wind-up dormant and inactive subsidiaries.

PI International Holdings Ltd ("PIIH") was deemed to be a subsidiary of Davex Holdings Berhad ("Davex") in the previous financial year despite Davex's equity interest of 44% in PIIH, as Davex has maintained effective control over PIIH through the additional voting rights assigned to Davex by third parties. During the financial year, the voting rights assigned to Davex have been withdrawn by the said third parties. Consequently, PIIH has been deconsolidated from the Group as disclosed in Note 38. As Davex has significant influence in PIIH, the investments in PIIH has been reclassified under investment in associates as disclosed in Note 8.

7. AMOUNT OWING BY/TO SUBSIDIARIES

	Company	
	2006 RM	2005 RM
Amount owing by subsidiaries	212,710,970	202,828,294
Amount owing to subsidiaries	52,987,942	41,243,801

The amount owing by/to the subsidiaries represents unsecured advances which are not expected to be substantially receivable/repayable within the next 12 months.

Included in the amount owing by the subsidiaries is an amount of RM30,763,337 (2005 : Nil) which earns effective interest rates of between 6.68% and 7.44% per annum and the balance is interest free.

Included in the amount owing to the subsidiaries is an amount of RM4,743,417 (2005 : Nil) bearing an effective interest rate of 6% per annum and the balance is interest free.

8. INVESTMENT IN ASSOCIATES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Unquoted shares, at cost	19,210,143	18,059,424	16,747,096	16,747,096
Less: Impairment loss	-	-	16,747,095	16,747,095
	19,210,143	18,059,424	1	1
Group's share of post-acquisition reserves and results	3,973,858	(16,539,021)	-	-
	23,184,001	1,520,403	1	1

Represented by:

	Group	
	2006	2005
	RM	RM
Attributable share of net assets of associates	23,184,001	1,520,403

The share of loss in certain associates have been discontinued in the previous financial years as the share of loss had exceeded the carrying amount of the investments. The share of profit for the current year and cumulative loss not recognised is as follows:

	Group	
	2006	2005
	RM	RM
Share of profit/(loss) not recognised		
- in the current year	10,391	81,094
- cumulatively	(4,283,106)	(4,293,497)

The associates, all of which are incorporated in Malaysia, except where indicated, are as follows:

	Gross equity interest		Principal activities
	2006	2005	
	%	%	
Associate of the Company			
Premier Capital Holdings Sdn Bhd	30	30	Investment holding
Associate of Davex Holdings Berhad			
PI International Holdings Ltd (incorporated in British Virgin Islands)	44	-	Investment holding
Associates of MWE Properties Sdn Bhd			
Island Garden Development Sdn Bhd	40	40	Housing development
Ribuan Wangsa Sdn Bhd	50	50	Property development
Associate of PI Electronics (Hong Kong) Ltd			
STD PI Technology Limited (incorporated in Hong Kong, SAR)	-	40	Inactive
Associates of United Sweethearts Garment Sdn Bhd			
CNT Garments Sdn Bhd	20	20	Sewing contractor of textiles and garments
USH Garment (Nibong Tebal) Sdn Bhd	45	45	Inactive

The audited financial statements of the associates for the year ended 31 December 2006 used, for the purpose of applying the equity method of accounting are co-terminous with the Group.

The Group does not have any share of the associates' contingent liabilities incurred jointly with other investors or any share of contingent liabilities that arise whereby the Group is severally liable for all or part of the liabilities of the associates.

The summarised financial information of the associates at 31 December 2006 are as follows:

	Group 2006 RM	Group 2005 RM
Assets and liabilities		
Non-current assets	31,723,350	502,895
Current assets	106,429,494	6,419,509
Total assets	138,152,844	6,922,404
Non-current liabilities	1,724,385	-
Current liabilities	127,844,587	48,610,391
Total liabilities	129,568,972	48,610,391
Results		
Revenue	226,290,875	15,095,227
(Loss)/Profit for the year	(10,691,888)	2,005,681

9. OTHER INVESTMENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Shares quoted in Malaysia, at cost	38,071,214	34,793,775	17,551,214	14,273,775
Less: Allowance for diminution in value	10,255,081	15,635,546	-	2,379,246
	27,816,133	19,158,229	17,551,214	11,894,529
Shares quoted outside Malaysia, at cost	8,105	2,336,155	8,105	8,105
Less: Allowance for diminution in value	-	2,034,062	-	-
	8,105	302,093	8,105	8,105
Bonds quoted outside Malaysia, at cost	-	17,011,662	-	-
Unquoted shares, at cost	36,100,164	32,141,120	15,203,920	15,203,920
Less: Allowance for diminution in value	26,851,755	24,842,103	15,203,917	15,203,917
	9,248,409	7,299,017	3	3
Membership in a golf and country club, at cost	283,898	280,276	-	-
Less: Allowance for diminution in value	156,610	141,148	-	-
	127,288	139,128	-	-
	37,199,935	43,910,129	17,559,322	11,902,637

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Market value				
- shares quoted in Malaysia	44,292,220	20,093,182	29,027,301	12,829,482
- shares quoted outside Malaysia	79,285	361,312	79,285	68,904
- bonds quoted outside Malaysia	-	17,340,159	-	-
	44,371,505	37,794,653	29,106,586	12,898,386

Shares quoted in Malaysia held by a subsidiary with a net carrying value of RM10,264,919 (2005 : RM7,263,700) are pledged to a licenced bank to secure banking facilities of the Company.

In the previous financial year, the bonds quoted outside Malaysia were held by a foreign subsidiary and certain bonds with a net carrying value of RM7,496,786 were pledged to a foreign banking institution to secure banking facilities of the said subsidiary.

10. INTANGIBLE ASSETS

Group	Patents RM	Goodwill RM	Negative goodwill RM	Total RM
Cost				
At 1 January 2005	1,287,579	45,850,071	(2,433,826)	44,703,824
Exchange adjustment	(21,656)	-	-	(21,656)
Additions	50,789	-	-	50,789
At 31 December 2005	1,316,712	45,850,071	(2,433,826)	44,732,957
Effect of adopting FRS 3				
- Elimination of accumulated amortisation	-	(26,364,776)	-	(26,364,776)
- Credited to unappropriated profit at 1 January 2006	-	-	2,433,826	2,433,826
At 1 January 2006, restated	1,316,712	19,485,295	-	20,802,007
Deconsolidation of a subsidiary	(1,316,712)	(120,597)	-	(1,437,309)
Increase in effective interests in subsidiaries	-	2,982,796	-	2,982,796
At 31 December 2006	-	22,347,494	-	22,347,494
Accumulated amortisation and impairment loss				
At 1 January 2005	844,759	24,070,092	-	24,914,851
Exchange adjustment	(15,674)	-	-	(15,674)
Amortisation for the year	167,094	2,294,684	-	2,461,778
At 31 December 2005	996,179	26,364,776	-	27,360,955
Effect of adopting FRS 3	-	(26,364,776)	-	(26,364,776)
At 1 January 2006, restated	996,179	-	-	996,179
Impairment loss recognised during the year	-	3,606,826	-	3,606,826
Deconsolidation of a subsidiary	(996,179)	(43,614)	-	(1,039,793)
At 31 December 2006	-	3,563,212	-	3,563,212
Net carrying amount at 31 December 2006	-	18,784,282	-	18,784,282
Net carrying amount at 31 December 2005	320,533	19,485,295	(2,433,826)	17,372,002

(a) Impairment test for cash-generating unit ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which comprise properties, lighting and other operations division at which the goodwill is monitored.

(b) Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond five year period are extrapolated using the growth rates below. The key assumptions used for value-in-use calculations are as follows:

Gross margin	:	10.00%	-	25.00%
Growth rate	:	2.00%	-	5.00%
Discount rate	:	5.60%	-	11.30%

The following describes each key assumption on which the management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The basis used to determine the budgeted gross margin is based on expected rate of efficiency improvements achieved in the year immediately before the budgeted year.

(ii) Growth rate

The weighted average growth rates used are consistent with the long term average growth rate for the respective industries.

(iii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant sectors.

Sensitivity to changes in assumptions

The management believes that no reasonable possible changes in any of the key assumptions above would cause the carrying values of respective CGUs to materially exceed their recoverable values.

11. DEFERRED TAX ASSETS

	Group	
	2006 RM	2005 RM
At 1 January	1,892,398	1,289,074
Exchange adjustment	5,084	(47,121)
Transfer from income statement	69,149	650,445
Deconsolidation of a subsidiary	(1,384,797)	-
At 31 December	581,834	1,892,398
The deferred tax assets comprise deductible temporary differences on		
- Unused tax losses	-	582,202
- Other temporary differences	581,834	1,310,196
	581,834	1,892,398

At the end of the financial year, the Group has the following items giving rise to deferred tax assets, which are not recognised in the financial statements as it is not probable that future taxable profit will be available against which the assets can be utilised:

	Group	
	2006 RM	2005 RM
Deductible temporary differences on		
- Unutilised tax losses	57,931,574	58,479,607
- Unabsorbed capital allowances	10,128,935	11,253,796
- Other taxable temporary differences	3,665,029	4,046,035
	71,725,538	73,779,438
Less:		
Taxable temporary differences between net book value and tax written down value of property, plant and equipment	1,984,020	2,721,363
	69,741,518	71,058,075

12. INVENTORIES

	Group	
	2006 RM	2005 RM
Raw materials	17,587,192	32,276,233
Work-in-progress	8,092,926	11,883,883
Finished goods	17,825,424	24,161,964
Commercial trucks held for sale	9,757,239	14,522,538
Inventories of completed development units	2,178,440	2,178,440
Consumable stores and spares	4,104,674	4,190,574
	59,545,895	89,213,632

Inventories pledged to banks for banking facilities granted to certain subsidiaries are as follows:

	Group	
	2006 RM	2005 RM
Raw materials	-	4,219,905
Work-in-progress	-	455,102
Finished goods	12,403,290	14,098,359
Commercial trucks held for sale	9,686,320	14,244,314
Consumable stores and spares	3,528,608	3,665,443
	25,618,218	36,683,123

13. PROPERTY DEVELOPMENT COSTS

	Group	
	2006 RM	2005 RM
At 1 January		
Leasehold land, at cost	11,343,083	11,343,083
Development costs	39,027,799	39,025,499
	50,370,882	50,368,582
Add:		
Development costs incurred during the year	6,388,073	992,972
Freehold land purchased during the year	500,000	-
Transfer from land held for property development		
- freehold land	201,691	305,335
- leasehold land	4,054,836	-
- development costs	9,559,121	-
	71,074,603	51,666,889
Less:		
Costs recognised as an expense in the income statement		
- Recognised in previous financial years	43,273,497	39,683,395
- Recognised during the year	6,396,155	4,886,109
	49,669,652	44,569,504
At 31 December	21,404,951	7,097,385

14. GROSS AMOUNT DUE FROM/TO CUSTOMERS

	Group	
	2006 RM	2005 RM
Cost of contracts	150,475,550	99,333,013
Attributable profits recognised to-date	8,504,704	6,235,691
	158,980,254	105,568,704
Less:		
Progress billings to-date	152,932,953	98,446,065
	6,047,301	7,122,639
Represented by:		
Gross amount due from customers	11,372,897	7,769,402
Gross amount due to customers	(5,325,596)	(646,763)
	6,047,301	7,122,639
Retention sums receivable from customers included in trade receivables (Note 15)	7,066,967	6,364,886

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Gross trade receivables	89,028,930	162,633,500	-	-
Less:				
Allowance for doubtful debts	5,418,720	6,807,192	-	-
	83,610,210	155,826,308	-	-
Gross other receivables	13,112,248	18,553,940	-	1,452
Less:				
Allowance for doubtful debts	1,663,395	2,027,695	-	-
	11,448,853	16,526,245	-	1,452
Deposits	4,705,585	2,637,474	4,500	4,500
Prepayments	2,337,383	1,493,740	-	-
	102,102,031	176,483,767	4,500	5,952

Trade receivables comprise amounts receivable from progress billings made to customers on contract works performed, sale of goods and services rendered to customers, sale of development properties, rental receivable from tenants and retention sums receivable.

Trade receivables are granted credit periods of 7 to 120 days except that retention sums are receivable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 18 months.

Other receivables, deposits and prepayments are from the normal business transactions of the Group.

The management analyse and estimates the allowance for doubtful debts on trade and other receivables at the balance sheet date based on best available facts and circumstances in determining the ultimate realisation of these receivables. Hence, should the actual default rate becomes higher or lower than the estimates made by the Group, the Group may be required to charge additional or reverse the allowance made for doubtful debts in the income statement within the next financial year.

16. AMOUNT OWING BY ASSOCIATES

The amount owing by the associates represents unsecured advances which are interest free and have no fixed terms of repayment.

17. FIXED AND TIME DEPOSITS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Fixed deposits placed with				
- Licensed banks in Malaysia	1,823,622	2,060,631	-	-
- Foreign banks	7,472,378	9,972,111	-	-
	9,296,000	12,032,742	-	-
Time deposits placed with licensed banks in Malaysia	4,178,230	15,091,903	-	2,800,000
	13,474,230	27,124,645	-	2,800,000

The effective interest rates per annum of the deposits are as follows:

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Fixed deposits placed with				
- Licensed banks in Malaysia	2.80 to 4.00	2.68 to 3.70	-	-
- Foreign banks	1.60 to 7.50	0.63 to 3.85	-	-
Time deposits placed with licensed banks in Malaysia	2.00 to 3.50	0.50 to 3.00	-	2.00

All the fixed deposits have maturity periods of less than one year while the time deposits have maturity periods of less than one month.

Fixed deposits amounting to RM335,518 (2005 : RM4,614,030) of the Group are pledged as securities for bank guarantees and other credit facilities granted to the Group.

Included in fixed deposits of the Group are amounts of RM785,433 (2005 : RM894,212) placed in trust accounts pursuant to Clauses 12.02 and 13.01 of the Trust Deed entered into by two subsidiaries with AmTrustee Berhad and Licensees of Monterez Golf & Country Club and RM765,813 (2005 : RM1,312,231) placed in trust accounts pursuant to section 46 of the Strata Titles Act, 1985 (Act 318) and Schedule III, Clause 5 of the Deed of Covenant entered into between the Developer and the Purchasers. The above trust accounts are only available for specific uses by the said subsidiaries.

18. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are bank balances not available for use by the Group amounting to RM58,335 (2005 : RM61,423) maintained in housing development accounts in accordance with the Housing Developers (Housing Development Account) Regulations 1991 and RM3,449 (2005 : RM9,478) placed in trust accounts pursuant to Clauses 11.01, 12.02 and 13.01 of the Trust Deed entered into by two subsidiaries with AmTrustee Berhad and Licensees of Monterez Golf & Country Club. These accounts are only available for specific uses by the said subsidiaries.

19. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2006 RM	2005 RM
Freehold land and building		
At 1 January	-	-
Transfer from investment properties (Note 4)	11,000,000	-
At 31 December	11,000,000	-

During the financial year, a subsidiary has been actively negotiating with several third parties for the sale of a freehold land and building held under investment properties of the said subsidiary.

Subsequent to year end, the subsidiary entered into a sale and purchase agreement with a third party to sell the freehold land and building at a cash consideration of RM11,000,000.

20. SHARE CAPITAL

	2006 RM	2005 RM
Authorised		
500,000,000 ordinary shares of RM1 each	500,000,000	500,000,000
Issued and fully paid		
231,559,015 ordinary shares of RM1 each	231,559,015	231,559,015

In 2001, the Company implemented an Employees' Share Option Scheme ("ESOS") for eligible full-time employees, including full time executive directors of the Company and its subsidiaries after obtaining approval of the shareholders and the relevant authorities.

The movements in the share options are as follows:

	Number of options over ordinary shares	
	2006	2005
At 1 January	13,331,000	15,795,000
Forfeiture due to resignations	(1,006,000)	(2,464,000)
Lapsed on 20 September 2006, being the expiry date of the options	(12,325,000)	-
At 31 December	-	13,331,000

The principal features of the ESOS were as follows:

(a) The maximum number of ESOS Shares to be made available under the ESOS which includes options exercised under previous schemes of the Company at any point in time during the existence of the ESOS, shall not exceed ten (10) percent of the enlarged issued and paid-up share capital.

(b) Eligibility for participation in the ESOS shall be at the absolute discretion of the Option Committee subject to the eligible employees (including full-time executive directors and contract employees) having been confirmed in the employment of the Group. Foreign employees save and except for foreign executive directors are not eligible for participation in the ESOS.

(c) No option shall be granted for less than 1,000 ESOS Shares or for more than 750,000 ESOS Shares to any eligible employee. The Option Committee shall have the discretion to determine the criteria for allotment which will be based on seniority and length of service of the eligible employee.

(d) The Option Price has been set at RM1.00 each.

(e) The Option Period commences on the Date of Offer or such later date as determined by the Option Committee for each Grantee and expires on 20 September 2006.

The duration of the ESOS shall commence from the date of the confirmation letter submitted by merchant bank and that the following approvals have been obtained:-

(i) the Securities Commission ("SC");
(ii) the Bursa Malaysia Securities Berhad ("BMSB");
(iii) shareholders of the Company in a general meeting;
(iv) any other relevant regulatory authorities whose approvals are necessary in respect of the ESOS;

and shall be continued for a period of five (5) years from the Date of Commencement (the "Initial Scheme Period") subject however to any renewal of the Initial Scheme Period as may be approved by all the parties referred to in (i), (ii), (iii) and (iv) above.

(f) Subject to the approvals of the SC, other regulatory authorities, BMSB and/or any other relevant stock exchanges, the Option Committee shall recommend to the board of directors who shall have the power at any time and from time to time by resolution to amend and/or modify all or any part of the provisions of the ESOS provided that no such amendment and/or modification shall be made which would either prejudice the rights then accrued to any Grantee who has accepted an Option without his prior consent or, without the prior approval of the Company in general meeting, which would alter to the advantage of any Grantee the provisions of the ESOS.

(g) Upon acceptance of the Offer relating to the Option, the Grantee shall pay to the Company a sum calculated at a rate of One Ringgit Malaysia (RM1.00) for subscription relating to the Option as consideration for acceptance of such Offer. Thereafter, a receipt of acknowledgement will be issued to the Eligible Employee for valid acceptances of the Offer.

(h) The ESOS Shares to be allotted upon any exercise of Options under the ESOS shall on allotment rank pari passu in all respects with the then existing issued ordinary shares of the Company, except that the ESOS Shares so issued will not rank for any dividend or other distribution declared, made or paid to the shareholders prior to the exercise of the ESOS and the crediting of the ESOS Shares into the shareholders' CDS accounts prior to the Book Closure Date and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.

(i) The ESOS shall be administered by the Option Committee in such manner as it shall in its discretion deem fit and with such powers and duties as are conferred upon it by the board of directors.

(j) The Shares referred in Bye-Law 2 and the Shares (if any) to be allocated to the Grantee will not be listed or quoted on the BMSB, and/or any other relevant stock exchanges until the Option is exercised in accordance with Bye-Law 9 whereupon the Company shall apply to the BMSB, any/or other relevant stock exchanges for the listing of and quotation for such Shares and use its best endeavours to obtain permission for dealing therein.

There is no share option exercised during the financial year under review. The ESOS expired on 20 September 2006 and was not extended by the Company.

The share options outstanding at year end are as follows:

	Exercise price RM	Number of share options outstanding 2006 RM	2005 RM
Exercise period			
27-11-2001 to 20-09-2006	1.00	-	12,613,000
27-05-2002 to 20-09-2006	1.00	-	282,000
27-11-2002 to 20-09-2006	1.00	-	436,000
		-	13,331,000

21. RESERVES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Non-distributable				
Share premium account	23,586,099	23,586,099	23,586,099	23,586,099
Exchange translation reserve	5,795,469	9,036,030	-	-
Capital reserve	754,156	806,413	-	-
	30,135,724	33,428,542	23,586,099	23,586,099
Distributable				
Capital reserve	-	130,865	-	-
Unappropriated profit	31,543,468	15,339,585	37,338,532	30,228,521
	31,543,468	15,470,450	37,338,532	30,228,521
	61,679,192	48,898,992	60,924,631	53,814,620

22. TREASURY SHARES

	2006 RM	2005 RM
At 1 January	234,841	-
Shares purchased during the year	-	234,841
At 31 December	234,841	234,841

The Company did not repurchase shares during the current financial year under review. The number of shares repurchased by the Company in the previous financial year was 355,000 ordinary shares. The repurchase was made at a total consideration of RM234,841 from the open market at prices ranging from RM0.65 to RM0.67 per share.

The repurchased shares are being held as treasury shares and carried at cost in accordance with the requirements of section 67A of the Companies Act, 1965. Treasury shares have no rights to voting, dividend and participation in other distribution.

At 31 December 2006, the number of treasury shares held is 355,000 (2005 : 355,000) ordinary shares.

23. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group 2006 RM	Group 2005 RM
Outstanding hire purchase instalments and finance lease rentals due:		
Not later than one year	1,146,415	1,309,918
Later than one year and not later than five years	1,609,431	1,508,008
Later than five years	371,865	151,358
	3,127,711	2,969,284
Less:		
Unexpired term charges	314,448	330,899
Outstanding principal amount due	2,813,263	2,638,385
Less:		
Outstanding principal amount due not later than one year (included in current liabilities)	996,448	851,684
Outstanding principal amount due later than one year	1,816,815	1,786,701

The effective interest rates of the hire purchase and finance lease liabilities are between 2.30% and 9.24% (2005 : 2.30% and 8.40%) per annum.

24. BANK TERM LOANS

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Bank term loans, secured	23,716,089	44,395,516	23,000,000	34,750,000
Less:				
Repayments due within 12 months (included in Note 28)	11,581,295	16,743,996	11,500,000	11,750,000
Repayments due after 12 months	12,134,794	27,651,520	11,500,000	23,000,000

The bank term loans of the subsidiaries bear effective interest rates of between 3.25% and 8.75% (2005 : 5.25% and 8.25%) per annum. They are secured by freehold and leasehold properties as well as fixed and floating charges over the assets of these subsidiaries.

A bank term loan of a foreign subsidiary in the previous financial year was secured by investments in quoted bonds of the said subsidiary.

The bank term loans of the Company bear effective interest rates of between 5.45% and 6.05% (2005 : 5.25% and 7.25%) per annum. The loans are secured by freehold, leasehold and investment properties of certain subsidiaries.

The bank term loans of the Company and of the Group are repayable by equal monthly and quarterly instalments commencing between 1995 and 2005.

25. DEFERRED TAX LIABILITIES

	Group 2006 RM	Group 2005 RM
At 1 January	8,852,531	9,124,276
Exchange adjustment	1,907	(11,882)
Transfer to income statement	(637,848)	(259,863)
Deconsolidation of a subsidiary	(539,928)	-
At 31 December	7,676,662	8,852,531
The deferred tax liabilities comprise:		
Deferred tax liabilities on taxable temporary differences		
- between net book value and tax written down value of property, plant and equipment	5,848,664	6,466,531
- relating to fair value adjustment on leasehold land allocated for property development	2,118,769	2,431,649
- on other taxable temporary differences	114,924	-
	8,082,357	8,898,180
Less:		
Deferred tax assets recognised on deductible temporary differences relating to		
- unused tax losses and unabsorbed capital allowances	168,500	-
- other temporary differences	237,195	45,649
	405,695	45,649
	7,676,662	8,852,531

26. DEFERRED INCOME

Deferred income represents club membership licence fees received in advance by a subsidiary. The licence fees received are recognised in the income statement on a time proportion basis over the licence period.

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade payables	40,805,946	80,097,721	-	-
Progress billings	-	2,888,060	-	-
Other payables	11,371,686	20,700,037	6,316,080	7,266,079
Deposits	4,901,734	5,079,075	-	-
Accruals	17,189,293	38,291,710	201,135	210,786
Sinking fund	366,434	860,884	-	-
	74,635,093	147,917,487	6,517,215	7,476,865

Trade payables comprise amounts outstanding from trade purchases, sub-contractors claims on contract works performed and retention sums payable. Progress billings in the previous financial year represented excess of billings to purchasers of development properties over revenue recognised in the income statement.

The normal credit periods granted by trade suppliers and sub-contractors are between 14 and 120 days whereas retention sums are payable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 18 months.

Other payables, deposits and accruals are from the normal business transactions of the Group.

Included in other payables of the Company and of the Group is an amount of RM6,250,000 (2005 : RM7,200,000) which represents interest free refundable deposit received from a corporation in relation to the appointment of the said corporation as the developer and project manager for the development of a piece of leasehold land held by a subsidiary and also to act as a club manager for Monterez Golf & Country Club. To-date, the terms of the appointment have yet to be finalised.

28. BANK BORROWINGS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Bankers' acceptance and trust receipts				
- secured	4,245,000	16,479,649	-	-
- unsecured	15,232,448	14,317,632	-	-
	19,477,448	30,797,281	-	-
Bank overdrafts				
- secured	1,001,911	3,243,932	-	-
- unsecured	1,454,237	2,476,780	-	8,131
	2,456,148	5,720,712	-	8,131
Bank loans				
- secured	18,701,535	5,500,000	18,701,535	5,000,000
- unsecured	2,300,000	2,300,000	-	-
	21,001,535	7,800,000	18,701,535	5,000,000
Current portion of bank term loans (Note 24)	11,581,295	16,743,996	11,500,000	11,750,000
	54,516,426	61,061,989	30,201,535	16,758,131

The effective interest rates per annum of the bank borrowings are as follows:

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Bankers' acceptance and trust receipts	3.68 to 8.50	1.50 to 7.50	-	-
Bank overdrafts	5.30 to 10.25	4.15 to 9.50	-	7.00
Bank loans	5.05 to 8.00	4.75 to 5.60	5.05 to 6.50	4.75 to 5.05

The bank borrowings of the Company are secured by certain quoted securities held by a subsidiary and certain properties of the Group. The bank borrowings of subsidiaries are secured by freehold and leasehold properties as well as fixed and floating charges over the assets of the said subsidiaries. The Company and certain subsidiaries have also issued corporate guarantees for the bank borrowings of the Group.

29. GROSS REVENUE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Sale of goods	330,404,392	560,802,614	-	-
Contract revenue	54,253,831	54,354,378	-	-
Services rendered	53,300,199	38,509,776	-	-
Revenue from sale of development properties	8,614,187	4,845,655	-	-
Rental income from				
- investment properties	4,547,272	3,963,752	-	-
- others	14,895	12,455	-	-
Sale of completed units	-	246,330	-	-
Dividend income	700,219	223,857	14,974,063	17,301,411
	451,834,995	662,958,817	14,974,063	17,301,411

30. COST OF SALES

	Group	
	2006 RM	2005 RM
Cost of goods sold	264,311,838	456,738,181
Contract costs	51,783,311	51,071,915
Cost of services rendered	48,704,199	48,333,692
Cost of development properties sold	6,396,155	4,886,109
Direct operating costs relating to rental income of investment properties	2,487,402	2,652,742
Cost of completed units sold	-	246,330
	373,682,905	563,928,969

31. PROFIT FROM OPERATIONS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit from operations is stated after charging:				
Allowance for doubtful debts	3,103,835	543,153	-	-
Amortisation of goodwill on acquisition	-	2,294,684	-	-
Amortisation of intangible assets	-	167,094	-	-
Auditors' remuneration				
- current year	389,280	775,730	27,000	27,000
- under/(over)estimated in prior year	4,600	(30,138)	5,000	5,000
Bad debts written off on				
- amount owing by a subsidiary	-	-	-	629,695
- others	24,231	-	926	-
Depreciation	8,375,143	13,508,128	-	-
Directors' remuneration				
- Directors of the Company				
- fees				
- current year	211,250	210,000	91,250	90,000
- underestimated in prior year	-	50,000	-	15,000
- defined contribution plans	107,139	87,556	-	-
- other emoluments	1,083,424	1,168,990	29,500	26,500
- Directors of the subsidiaries				
- fees				
- current year	259,167	224,000	-	-
- overestimated in prior year	(228,167)	(218,000)	-	-
- defined contribution plans	464,978	280,210	-	-
- other emoluments	3,346,486	5,732,539	-	-
Impairment loss on goodwill	3,606,826	-	-	-
Inventories written down	-	70,998	-	-
Loss on foreign exchange				
- realised	775,894	38,764	-	-
- unrealised	178,331	2,478,053	-	-
Operating lease rental of land and buildings	94,619	4,936,621	-	-
Property, plant and equipment written off	116,229	85,588	-	-
Rental of				
- equipment	28,707	-	-	-
- machinery	1,706,687	1,429,353	-	-
- premises	2,387,633	2,501,350	-	96,543
- vehicles	17,600	-	-	-
Research and development expenses	-	195,408	-	-
and crediting:				
Allowance for doubtful debts written back	486,939	7,260,122	-	-
Bad debts recovered	93,024	3,243,175	-	3,241,282
Deposits forfeited	37,192	192,000	-	-
Gain on disposal of an investment property	16,585	-	-	-
Gain on disposal of property, plant and equipment	198,428	283,696	-	-
Gain on foreign exchange				
- realised	616,700	1,053,104	-	-
- unrealised	63,948	508,637	-	-
Gross dividend income from				
- subsidiaries	-	-	14,477,788	17,222,205
- investments quoted in Malaysia	698,079	217,164	494,135	72,513
- investments quoted outside Malaysia	2,140	6,693	2,140	6,693
Interest income				
- subsidiaries	-	-	1,170,465	-
- others	731,078	4,365,490	23,236	2,316,335
Rental income from				
- investment properties	4,547,272	3,963,752	-	-
- others	531,454	476,634	-	-

32. FINANCE COSTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Finance costs comprise:				
- interest expenses on bank borrowings	4,795,714	5,316,934	2,520,620	3,046,517
- hire purchase and finance lease term charges	171,046	188,197	-	-
- interest charged by subsidiaries	-	-	255,827	-
- other interest expenses	13,322	468,354	-	-
	4,980,082	5,973,485	2,776,447	3,046,517
Less:				
Finance costs classified in cost of sales				
- interest expenses on bank borrowings	159,806	282,716	-	-
	4,820,276	5,690,769	2,776,447	3,046,517

33. NET GAIN/(LOSS) FROM INVESTMENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Gain on disposal of				
- investment in a subsidiary	2,199,643	-	-	-
- quoted investments	6,882,332	311,062	6,152,181	311,062
- unquoted investments	2,496,883	2,091,884	-	-
Gain arising from dilution of equity interest in a subsidiary	1,487,298	556,089	-	-
Allowance for diminution in value of other investments				
- quoted investments	-	(2,379,246)	-	(2,379,246)
- unquoted investments	(249,562)	-	-	-
- club membership	(13,704)	(40,430)	-	-
Allowance for diminution in value of other investments written back				
- quoted investments	4,960,770	1,637,800	1,959,551	-
- unquoted investments	-	54,747	-	-
	17,763,660	2,231,906	8,111,732	(2,068,184)

34. DISCONTINUED OPERATIONS

The Group has an ongoing rationalisation exercise to dispose of loss-making operations and in October 2005, a decision was made to discontinue the yarn spinning operations carried out by a subsidiary, MWE Spinning Mills Sdn Bhd, which recorded losses mainly due to low profit margins. The discontinuance of the yarn spinning operations has been completed in the financial year ended 31 December 2006.

The revenue and results, net cash flows and net assets of the discontinued operations for the financial year are as follows:

(a) Revenue and results

	Group 2006 RM	Group 2005 RM
Gross revenue	428,215	18,063,984
Cost of sales	(504,775)	(23,770,964)
Gross loss	(76,560)	(5,706,980)
Other operating income	112,870	722,692
Selling and distribution costs	4,932	(527,160)
Administrative expenses	(112,665)	(1,677,235)
Loss from operations	(71,423)	(7,188,683)
Gain on disposal of property, plant and equipment	-	1,457,391
Finance costs	(9,657)	(158,779)
Loss before tax	(81,080)	(5,890,071)
The loss from operations is stated after charging:		
Allowance for doubtful debts	-	14,493
Auditors' remuneration	-	16,000
Bad debts written off	-	79,107
Directors' remuneration		
- fees		
- current year	15,000	30,000
- underestimated in prior year	-	30,000
- defined contribution plans	4,800	14,400
- other emoluments	60,000	120,000
Property, plant and equipment written off	-	373
and crediting:		
Allowance for doubtful debts written back	112,317	-
Bad debts written back	-	23,000

(b) Net cash flows

	Group 2006 RM	Group 2005 RM
Cash flows from operating activities		
Loss before tax from operations	(81,080)	(5,890,071)
Adjustments for:		
Gain on disposal of property, plant and equipment	-	(1,457,391)
Property, plant and equipment written off	-	373
Allowance for doubtful debts written back	(112,317)	-
Allowance for doubtful debts	-	14,493
Bad debts written off	-	79,107
Bad debts written back	-	(23,000)
Interest expenses	9,657	158,779
Operating loss before working capital changes carried forward	(183,740)	(7,117,710)

	Group	
	2006 RM	2005 RM
Operating loss before working capital changes brought forward	(183,740)	(7,117,710)
Changes in inventories	913,091	7,664,861
Change in receivables	359,514	1,482,037
Changes in payables	-	(39,946)
Changes in trade line borrowings	(242,164)	(3,757,043)
Cash generated from/(utilised in) operations	846,701	(1,767,801)
Interest paid	(9,657)	(158,779)
Tax paid	-	(60,774)
Net cash from/(used in) operating activities	837,044	(1,987,354)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(798,792)
Proceeds from disposal of property, plant and equipment	-	2,715,688
Net cash from investing activities	-	1,916,896

(c) Net assets

The net assets of the discontinued operations at the end of the financial year are as follows:

	Group	
	2006 RM	2005 RM
Inventories	-	913,091
Trade receivables	-	247,197
	-	1,160,288
Bank borrowings	-	(242,164)
Net assets of discontinued operations	-	918,124

35. TAX EXPENSE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current tax expense				
Malaysian				
Continuing operations				
- current year	3,827,597	3,264,875	1,706,000	2,240,000
- overestimated in prior years	(416,330)	(1,638,985)	(149,860)	-
	3,411,267	1,625,890	1,556,140	2,240,000
Discontinued operations				
- current year	-	-	-	-
- overestimated in prior year	-	(13,275)	-	-
Balance carried forward	3,411,267	1,612,615	1,556,140	2,240,000

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Balance brought forward	3,411,267	1,612,615	1,556,140	2,240,000
Overseas				
- current year	1,412,869	3,215,322	-	-
- under/(over)estimated in prior years	11,507	(68,151)	-	-
	4,835,643	4,759,786	1,556,140	2,240,000
Deferred tax income relating to the origination and reversal of temporary differences during the year	(780,711)	(917,898)	-	-
Deferred tax expense underestimated in prior years	73,714	7,590	-	-
	(706,997)	(910,308)	-	-
	4,128,646	3,849,478	1,556,140	2,240,000

The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rate are as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Accounting profit (excluding share of results of associates)	34,249,957	19,037,044	20,226,352	15,918,005
Tax at the applicable tax rate of 28% (2005 : 28%)	9,589,988	5,330,372	5,663,379	4,457,041
Add:				
Tax effect of expenses that are not deductible in determining taxable profit:				
Amortisation and depreciation of non-qualifying assets		219,057	236,420	- -
Other non-deductible expenses	2,537,974	5,378,790	243,849	1,149,593
Tax effect of current year temporary differences not recognised	869,461	2,528,321	-	-
	13,216,480	13,473,903	5,907,228	5,606,634
Less:				
Tax effect of non-taxable and tax exempt income	5,648,557	5,272,396	4,201,228	3,366,634
Tax effect on utilisation of deductible temporary differences not previously recognised	922,740	1,364,566	-	-
Tax effect of tax incentives for the year	849,035	668,038	-	-
Tax effect of differences in tax rates	1,336,393	606,604	-	-
	4,459,755	5,562,299	1,706,000	2,240,000
(Less)/Add:				
Current tax expense overestimated in prior years	(404,823)	(1,720,411)	(149,860)	-
Deferred tax expense underestimated in prior years	73,714	7,590	-	-
Tax expense for the year	4,128,646	3,849,478	1,556,140	2,240,000

Based on estimated tax credits and tax exempt income available and the prevailing tax rate applicable to dividends, approximately RM32,591,000 out of the unappropriated profit of the Company at year end (2005 : entire amount) is available for distribution by way of dividends without incurring additional tax liability. The balance of the unappropriated profit is not covered by the tax credits and tax exempt income, and accordingly, any distribution in excess of RM32,591,000 would incur additional tax liability.

36. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share have been calculated based on the consolidated net profit for the year of RM25,630,258 (2005 : RM17,188,781) attributable to equity holders of the Company and on 231,204,015 (2005 : 231,204,015) ordinary shares in issue during the year after deducting treasury shares calculated as follows:

	2006	2005
Number of ordinary shares at 31 December	231,559,015	231,559,015
Less: Number of treasury shares held at 31 December	355,000	355,000
	231,204,015	231,204,015

(b) Diluted earnings per share

The potential ordinary shares arising from the exercise of options under ESOS in the previous financial year had been excluded from the above computation for that financial year because they had an anti-dilutive effect.

37. DIVIDENDS PAID

	Company	
	2006 RM	2005 RM
Recognised as distribution to equity holders of the Company during the year:		
Final dividend of 2% tax exempt for the financial year ended 31 December 2004	-	4,631,180
Interim dividend of 4% tax exempt for the financial year ended 31 December 2005	9,248,161	-
Final dividend of 1% tax exempt for the financial year ended 31 December 2005	2,312,040	-
	11,560,201	4,631,180

On 29 December 2006, the directors declared interim dividends of 4% tax exempt and 1% less tax 27% tax amounting to RM10,935,950 (RM0.05 per ordinary share) in respect of the financial year ended 31 December 2006 which was paid on 26 March 2007.

At the forthcoming annual general meeting, final dividends of 2% less 27% tax and 2% tax exempt amounting to RM7,999,659 (RM0.03 per ordinary share) in respect of the financial year ended 31 December 2006 will be proposed for approval by shareholders of the Company. The proposed final dividends are payable in respect of all ordinary shares in issue at the date of the financial statements, excluding those ordinary shares held as treasury shares under share buy-back. These financial statements do not reflect the interim dividends payable and the proposed final dividends which will be accounted for in the shareholders' equity as an appropriation of unappropriated profit in the financial year in which the dividends are paid.

38. NET CASH FROM DECONSOLIDATION OF A SUBSIDIARY

The effects on consolidated cash flow statement for the year ended 31 December 2006 resulting from the deconsolidation of PI International Holdings Ltd, a subsidiary of Davex Holdings Berhad are as follows:

	RM
Net assets disposed:	
Property, plant and equipment	17,294,970
Other non-current assets	18,221,487
Current assets	132,009,358
Current liabilities	(132,870,234)
Minority interests	(38,226,169)
Goodwill on acquisition	76,983
	(3,493,605)
Less:	
Cash and cash equivalents	8,260,457
Net cash flows from deconsolidation	(11,754,062)

39. ANALYSIS OF ACQUISITION OF A SUBSIDIARY

In the previous financial year, PI International Holdings Ltd subscribed for the entire issued and paid-up share capital of PI Macao Commercial Offshore Limited, a newly incorporated subsidiary in Macao, SAR, at a cash consideration of Macao Pataca 100,000 or RM46,000. The said subsidiary was inactive.

The effects of acquisition of the subsidiary on the consolidated net profit, the consolidated financial position and the consolidated cash flow statement of the previous financial year were as follows:

(i) Effect on consolidated net profit for the year ended 31 December 2005

	Subsidiary acquired in 2005 RM
Gross revenue	-
Cost of sales	-
Loss from operations	(77,916)
Finance costs	-
Loss before tax	(77,916)
Tax expense	-
Loss after tax	(77,916)
Minority interest	-
Decrease in Group's net profit	(77,916)

(ii) Effect on consolidated financial position at 31 December 2005

	Subsidiary acquired in 2005 RM
Non-current assets	6,926
Current assets	27,738
Current liabilities	(63,422)
Minority interest	-
Net assets held prior to acquisition	-
Decrease in Group's share of net assets	(28,758)

(iii) There was no effect on the consolidated cash flow statement for the year ended 31 December 2005 from the acquisition of the said subsidiary.

40. EMPLOYEE BENEFITS EXPENSE

	Group 2006 RM	Group 2005 RM
Staff costs:		
Salaries, wages, allowances, bonuses	45,451,483	87,297,397
Defined contribution plans - EPF contributions	3,324,124	3,491,849
Social security costs - Socso contributions	336,095	380,254
Other benefits expenses	5,756,044	8,215,055
	54,867,746	99,384,555

41. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company has controlling related party relationship with its subsidiaries, as disclosed in Note 6.

The Group also has related party relationship with the following related parties:

(a) Star Regent International Limited, a company in which two directors of PI International Holdings Ltd, namely Mr Ho Kwok Pun and Madam Tse Oi, have financial interests.

(b) Associate, CNT Garments Sdn Bhd

(c) Mr Tang King Hua, director of the Company

Significant related party transactions during the financial year are as follows:

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Amount owing by Alu-Paste & Pigments Sdn Bhd written off as bad debt	-	-	-	629,695
Consultancy fee paid to Star Regent International Limited	-	456,686	-	-
Workmanship charged by CNT Garments Sdn Bhd	1,090,563	916,718	-	-
Purchase of shares in Davex Holdings Berhad from Mr Tang King Hua	5,769,800	-	5,769,800	-

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business.

42. COMMITMENTS

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Capital commitments				
Approved capital expenditure, contracted but not provided for in the financial statements in respect of				
- property, plant and equipment	-	729,918	-	-
- land held for development	3,086,400	-	-	-
- investment properties	3,330,000	-	-	-
	6,416,400	729,918	-	-
Operating lease commitments				
Operating lease rentals payable				
- not later than one year	1,411,721	7,313,956	-	-
- later than one year and not later than five years	1,233,756	23,989,414	-	-
- later than five years	2,154,874	15,710,911	-	-
	4,800,351	47,014,281	-	-
	11,216,751	47,744,199	-	-

43. CONTINGENT LIABILITIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Unsecured corporate guarantees given to secure banking and other credit facilities granted to subsidiaries	-	-	36,269,121	31,878,508
Recourse against a subsidiary in respect of loans granted by a financial institution to members of Monterez Golf and Country Club to finance licence fees payable by the latter to the said subsidiary	166,730	159,407	-	-
	166,730	159,407	36,269,121	31,878,508

44. SEGMENT ANALYSIS

Segmental reporting

(a) Primary reporting format - business segment

The Group's operations comprise the following business segments:

(i) Textile and garments - Manufacturing and sale of garments, dyed knitted and woven fabrics

(ii) Properties - Property investment, construction and development

(iii) Lighting and pagers - Manufacturing and assembling electrical lightings and telecommunication products

(iv) Other operations - Assembling and distributing of trucks, investment holding, management of a golf course, trading in optical products, freight forwarding and warehousing services

(v) Discontinued operations - Manufacturing and sale of yarn

(vi) Power conversion products - Designing, manufacturing and sale of electronic power conversion products (The Group has no operations in this business segment beginning from 2006, as the financial statements of a subsidiary which has been operating in this business segment has been deconsolidated from the financial statements of the Group)

Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

Year ended 31 December 2006	Continuing operations: Textile & garments RM	Properties RM	Lighting & pagers RM	Other operations RM	Group total RM	Discontinued operations RM	Total RM
REVENUE							
Sales	141,324,515	68,602,251	152,795,040	91,514,806	454,236,612	428,215	454,664,827
Less: Inter-segment sales	-	356,456	-	2,045,161	2,401,617	-	2,401,617
External sales	141,324,515	68,245,795	152,795,040	89,469,645	451,834,995	428,215	452,263,210
RESULTS							
Segment operating profit/(loss)	7,716,612	161,115	14,603,655	4,513,097	26,994,479	(71,423)	26,923,056
Unallocated corporate expenses					(3,606,826)	-	(3,606,826)
Profit/(loss) from operations					23,387,653	(71,423)	23,316,230
Add/(Less): Finance costs					(4,820,276)	(9,657)	(4,829,933)
Fair value adjustment on investment properties					(2,000,000)	-	(2,000,000)
Net gain from investments					17,763,660	-	17,763,660
Share of results of associates	5,787	603,945	-	(3,788,460)	(3,178,728)	-	(3,178,728)
Profit/(loss) before tax					31,152,309	(81,080)	31,071,229
Less: Tax expense for the year					(4,128,646)	-	(4,128,646)
Net profit/(loss) for the year					27,023,663	(81,080)	26,942,583

Year ended 31 December 2005	← Continuing operations					→		
	Textile & garments RM	Properties RM	Power conversion products RM	Lighting & pagers RM	Other operations RM	Group total RM	Discontinued operations RM	Total RM
REVENUE								
Sales	118,651,125	65,582,901	234,453,169	159,003,329	88,008,735	665,699,259	18,063,984	683,763,243
Less: Inter-segment sales	-	329,352	-	-	2,411,090	2,740,442	-	2,740,442
External sales	118,651,125	65,253,549	234,453,169	159,003,329	85,597,645	662,958,817	18,063,984	681,022,801
RESULTS								
Segment operating profit/(loss)	3,108,497	2,014,768	(7,274,199)	22,351,310	10,480,286	30,680,662	(7,188,683)	23,491,979
Unallocated corporate expenses						(2,294,684)	-	(2,294,684)
Profit/(loss) from operations						28,385,978	(7,188,683)	21,197,295
Add/(Less): Finance costs						(5,690,769)	(158,779)	(5,849,548)
Net gain from investments						2,231,906	-	2,231,906
Gain on disposal of property, plant and equipment						-	1,457,391	1,457,391
Share of results of associates	(8,885)	903,180	(401)	-	-	893,894	-	893,894
Profit/(Loss) before tax						25,821,009	(5,890,071)	19,930,938
(Less)/Add: Tax expense for the year						(3,849,478)	-	(3,849,478)
Tax income						(13,275)	13,275	-
Net profit/(loss) for the year						21,958,256	(5,876,796)	16,081,460

For The Year Ended 31 December 2006

At 31 December 2006	Continuing operations Textile & garments RM	Properties RM	Lighting & pagers RM	Other operations RM	Group total RM	Discontinued operations RM	Total RM
OTHER INFORMATION							
Segment assets	64,032,903	164,146,359	85,398,875	137,035,156	450,613,293	-	450,613,293
Associates	26,435	2,014,122	-	21,143,444	23,184,001	-	23,184,001
	64,059,338	166,160,481	85,398,875	158,178,600	473,797,294	-	473,797,294
Unallocated corporate assets					26,558,913	-	26,558,913
Total assets					500,356,207	-	500,356,207
Segment liabilities	10,784,752	22,196,811	24,347,515	38,671,286	96,000,364	-	96,000,364
Unallocated corporate liabilities					80,280,613	-	80,280,613
Total liabilities					176,280,977	-	176,280,977
Capital expenditure - Property, plant and equipment	3,308,206	126,330	2,907,686	3,072,274	9,414,496	-	9,414,496
- Goodwill on acquisition					2,982,796	-	2,982,796
Depreciation	2,575,322	1,046,949	2,968,070	1,784,802	8,375,143	-	8,375,143
Impairment loss on goodwill					3,606,826	-	3,606,826

At 31 December 2005	Continuing operations: Textile & garments RM	Continuing operations: Properties RM	Continuing operations: Power conversion products RM	Continuing operations: Lighting & pagers RM	Continuing operations: Other operations RM	Continuing operations: Group total RM	Discontinued operations RM	Total RM
OTHER INFORMATION								
Segment assets	55,067,483	159,025,563	170,235,033	81,487,425	123,651,162	589,466,666	1,160,288	590,626,954
Associates	20,648	1,410,176	89,578	-	1	1,520,403	-	1,520,403
	55,088,131	160,435,739	170,324,611	81,487,425	123,651,163	590,987,069	1,160,288	592,147,357
Unallocated corporate assets						26,234,657	-	26,234,657
Total assets						617,221,726	1,160,288	618,382,014
Segment liabilities	5,245,890	21,932,066	77,004,828	24,800,084	36,162,820	165,145,688	-	165,145,688
Unallocated corporate liabilities						105,235,826	-	105,235,826
Total liabilities						270,381,514	-	270,381,514
Capital expenditure								
- Property, plant and equipment	1,917,240	1,187,345	9,652,084	3,257,061	950,891	16,964,621	798,792	17,763,413
- Goodwill on acquisition						-	-	-
Depreciation	3,018,928	949,455	4,589,235	3,249,900	1,700,610	13,508,128	-	13,508,128
Amortisation of goodwill for the year						2,294,684	-	2,294,684

(b) Secondary reporting format - geographical segment

The Group operates mainly in Malaysia and the Asia Pacific. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total assets and capital expenditure are based on the geographical locations of the assets.

	Revenue RM	Capital expenditure RM	Total assets RM
2006			
Malaysia	322,517,728	5,349,797	353,788,669
Asia Pacific	129,173,323	4,064,699	76,436,417
Others	143,944	-	20,388,207
	451,834,995	9,414,496	450,613,293
Associates			23,184,001
Unallocated assets			26,558,913
			500,356,207
2005			
Malaysia	289,357,301	5,807,006	344,818,311
Asia Pacific	373,456,865	11,956,407	226,911,029
Others	144,651	-	18,897,614
	662,958,817	17,763,413	590,626,954
Associates			1,520,403
Unallocated assets			26,234,657
			618,382,014

All inter-segment transactions have been carried out in the normal course of business and have been established under negotiated terms.

45. FINANCIAL INSTRUMENTS

(i) Credit risk

At balance sheet date, the Group did not have any significant exposure to any individual customer or counterparty or any major concentration of credit risk related to any financial assets.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(ii) Foreign currency exchange risk

At 31 December 2006, the foreign currency amounts to be received and paid and the contractual exchange rates of the Group's outstanding forward contracts are as follows:

	Its equivalent in RM	Average contractual rate	Settlement period within 1 year
Forward contracts on trade receivables			
AUD3,500,000	9,740,150	2.7829	9,740,150
NZD130,000	312,104	2.4008	312,104
Forward contracts on committed purchases			
Euro1,180,845	5,480,656	4.6413	5,480,656

The net unrecognised gain on foreign currency forward contracts at 31 December 2006 for trade receivables and committed purchases amounted to RM62,522.

(iii) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company at 31 December 2006 approximated their fair values except for other investments as stated below:

	Group		Company	
	Carrying amounts RM	Fair values RM	Carrying amounts RM	Fair values RM
Other investments				
Unquoted shares	9,248,409	*	-	-

* It is not practical to estimate the fair values of these investments due to lack of quoted market values and the inability to estimate fair values without incurring excessive costs.

(iv) Currency exposure

	Transaction Currencies								
	Ringgit Malaysia RM	United States Dollar RM	Euro RM	Australian Dollar RM	Singapore Dollar RM	Hong Kong Dollar RM	Sterling Pound RM	Indian Rupee RM	Others RM
2006									
Functional currencies of the Group									
Investments									
United States Dollar	10,264,919	-	-	-	2,899,389	-	-	-	-
Trade and other receivables									
Ringgit Malaysia	-	15,289,084	1,002,200	422,050	34,041	-	1,718,973	-	-
Singapore Dollar	-	2,364,902	-	-	-	-	-	-	-
United States Dollar	939,554	-	-	-	-	-	-	-	-
Cash and bank balances and fixed deposits									
Ringgit Malaysia	-	1,458,046	1,990	97,978	1,770	-	1,890	-	1,062
Singapore Dollar	-	3,865,123	-	-	-	-	-	-	-
Trade and other payables									
Ringgit Malaysia	-	1,963,166	6,051,073	412,455	563,158	421,982	31,159	423,927	11,717
Singapore Dollar	-	1,927,002	-	-	-	-	-	-	-
Borrowings									
Ringgit Malaysia	-	13,237,150	-	-	-	-	-	-	-

	Transaction Currencies						
	Ringgit Malaysia RM	United States Dollar RM	Euro RM	Australian Dollar RM	Singapore Dollar RM	Japanese Yen RM	Others RM
2005							
Functional currencies of the Group							
Investments							
United States Dollar	7,263,700	-	-	-	-	-	-
Hong Kong Dollar	-	-	17,011,662	-	44,423	-	-
Trade and other receivables							
Ringgit Malaysia	-	8,642,057	-	450,058	71,992	-	868,945
Singapore Dollar	-	2,829,971	-	-	-	-	-
Hong Kong Dollar	-	51,722,541	2,649,127	-	-	-	-
New Taiwan Dollar	-	26,110,297	-	-	-	-	-
United States Dollar	1,007,030	-	-	-	-	-	-
Macau Pataca	-	-	-	-	-	-	7,171
Cash and bank balances and fixed deposits							
Ringgit Malaysia	-	2,194,873	1,918	1,019,491	7,299	-	4,714
Singapore Dollar	-	7,797,545	-	-	-	-	8,877
Hong Kong Dollar	-	5,541,279	2,691,641	-	34,162	344	-
New Taiwan Dollar	-	2,079,539	2,609	-	-	-	108,685
Renminbi	-	1,646,095	-	-	-	-	-
Macau Pataca	-	-	-	-	-	-	9,810
Trade and other payables							
Ringgit Malaysia	-	1,553,153	5,077,094	438,059	193,306	-	211,743
Singapore Dollar	-	1,751,505	-	-	-	-	-
Hong Kong Dollar	-	14,358,626	-	-	-	352,383	-
New Taiwan Dollar	-	8,922,041	-	-	-	-	-
Borrowings							
Ringgit Malaysia	-	9,179,349	-	-	104,000	-	-
Hong Kong Dollar	-	4,298,469	-	-	-	-	-

46. COMPARATIVE FIGURES

The following comparative figures of the Group and the Company have been restated arising from changes in accounting policies upon adoption of the revised FRS 101 and certain comparative figures have been restated to conform with the current year's presentation:

	Group		Company	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
(i) FRS 101, Presentation of financial statements				
Income Statements for the year ended 31 December 2005				
Share of results of associates	893,894	1,457,118	-	-
Tax expense of associates	-	563,224	-	-
(ii) Other restated comparatives				
Income statements for the year ended 31 December 2005				
Net gain on disposal of other investments	-	2,959,035	-	311,062
Net allowance for diminution in value of other investments	-	(727,129)	-	(2,379,246)
Net gain/(loss) on investments	2,231,096	-	(2,068,184)	-

47. SUBSEQUENT EVENTS

(a) On 26 February 2007, the Company acquired 70% equity interest representing 70,000 ordinary shares of RM1.00 each in the issued and paid-up share capital of Bay Potential Sdn Bhd, a company incorporated in Malaysia for a cash consideration of RM70,000. Its principal activity is investment holding.

(b) Pursuant to the non-renounceable rights issue by Phili-Orient Lines (Penang) Sdn Bhd ("POLPG"), a subsidiary of the Company held through Davex Holdings Berhad ("Davex"), which was completed on 16 January 2007, POLPG has increased its issued and paid-up share capital from RM1,509,803 to RM2,667,646 by way of the issuance of 1,157,843 new ordinary shares of RM1.00. Davex was allotted its subscribed 916,275 new ordinary shares of RM1.00 at the issue price of RM1.50 per ordinary share. Following the completion of the above by POLPG, Davex's equity interest in POLPG has increased from 60.7% to 68.7%.

(c) On 26 January 2007, Davex entered into an agreement to acquire and subscribe for the following classes of shares in Asia Mobile Commerce Privilege (M) Sdn Bhd ("AMCP"), a company incorporated in Malaysia for a total cash consideration of RM2,500,000:

- 1,000,000 ordinary shares of RM1 each for RM1,000,000;
- 750,000 redeemable convertible preference shares of RM1 each for RM750,000; and
- 750,000 redeemable non-convertible preference shares of RM1 each for RM750,000.

Davex holds 35.7% of the equity interest in AMCP following the completion of the above acquisition and subscription.

48. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Company and of the Group were authorised for issue by the Board of Directors on 24 April 2007.

Statement By Directors

In the opinion of the directors, the financial statements set out on page 36 to 101 are drawn up:

(a) so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2006 and of their results and cash flows for the year then ended; and

(b) in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards for Entities Other Than Private Entities.

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

DATO' SURIN UPATKOON
Director

TANG KING HUA
Director

24 April 2007

Statutory Declaration

I, Lim Kong Yow, being the director primarily responsible for the financial management of MWE Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on page 36 to 101 are 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 at)
Kuala Lumpur in the Federal Territory)
)
this 24 April 2007)
)
)
) **LIM KONG YOW**

Before me:

ROBERT LIM HOCK KEE (W 092)
Commissioner for Oaths

Particulars of Titles	Tenure	Land Area	Description /Existing Use	Net Book Value as at 31.12.06 (RM)	Approximate Age of Building	Year of Acquisition
H.S.(D) 138972 to 139228, P.T. 3065 to 3321 Mukim of Bukit Raja Daerah Petaling Selangor Darul Ehsan	Leasehold (99 years - expiring on 04.12.2090)	209 acres	Golf course & Clubhouse and residential development	73,770,907	12 years	1992
Lot 818, Seksyen 19 Bandar Georgetown Daerah Timur Laut Penang	Freehold	37,703 sq ft	20 storey out of 25 storey office block with 1 basement car park - office & for rental	34,000,000	10 years	1990
Lot 529, Seksyen 19 Bandar Kuala Lumpur Wilayah Persekutuan	Leasehold (99 years – expiring on 1.1.2079)	13,407 sq. m.	49 units of penthouses and condominiums for sale & rental	18,675,839	13 years	1991
Lots 426 & 348 Geran No. 63526 & 11256 Section 15 Bandar Georgetown Daerah Timur Laut Penang	Freehold	0.51 acre	10 storey office block for rental	11,000,000	13 years	1991
H.S.(D) 37849 P.T. No. 474, Mukim 6 Daerah Seberang Perai Tengah Penang	Leasehold (60 years - expiring on 23.09.2052)	5.88 acres	Office and factory building	6,337,919	8 years	1992
Geran 25978 & 26200 Lot 4019 & 4478, Mukim Setapak Daerah Kuala Lumpur Wilayah Persekutuan	Freehold	3422 sq.m.	Land for development	6,088,288	-	2006
PM 440, Lot 186 Mukim of Bandar Selayang, Dearah Gombak Selangor Darul Ehsan	Leasehold (99 years – expiring on 5.9.2074)	8625 sq. m.	Office and factory building	5,260,236	15 years	1990
Lot 1233,Grant (1st Grade) 11818 Section 1, Georgetown, Daerah Timur Laut, Penang	Freehold	32,404 sq ft	2 storey out of 8 storey office block for rental	4,145,489	13 years	1988

Properties Held By The Group

Particulars of Titles	Tenure	Land Area	Description /Existing Use	Net Book Value as at 31.12.06 (RM)	Approximate Age of Building	Year of Acquisition
H.S. (D) 3245 P.T. 2944, Mukim 11 Daerah Seberang Perai Tengah Penang	Leasehold (60 years - expiring on 29.06.2052)	2.79 acres	Factory building	3,986,963	14 years	1991
Lot 468 Geran No. 39724 Mukim 12 Seberang Perai Selatan Penang	Leasehold (999 years - expiring on 31.12.2875)	11.55 acres	Office and Factory Building	3,961,269	32 years	1991

Analysis Of Equity Securities

As At 23 April 2007

Class of security	:	Ordinary Shares of RM1.00 each
Authorised Share Capital	:	RM500,000,000
Tota Issue and Paid up capital	:	RM231,559,015
Voting right	:	1 vote per share
Number of shareholders	:	10,285

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 – 99	74	0.72	1,888	0.00
100 – 1,000	2,886	28.06	2,767,668	1.19
1,001 – 10,000	6,215	60.43	24,792,523	10.71
10,001 – 100,000	992	9.64	24,093,740	10.41
100,001 – 11,577,951	117	1.14	125,706,474	54.29
11,577,952 and above	1	0.01	54,196,722	23.40
Total	10,285	100.00	231,559,015	100.00

Directors' Shareholding

Name	No. of shares held*			
	Direct	%*	Indirect	%*
Dato' Surin Upatkoon	786,630	0.34	54,877,522 (a)	23.74
Tang King Hua	10,030,800	4.34	2,181,700 (b)	0.94
Lawrence Lim Swee Lin	320,000	0.14	-	-
Lim Kong Yow	48,000	0.02(d)	4,000 (c)	(d)
Dato' Ahmad Hasmuni bin Hj. Hussein	-	-	-	-
Dato' Shahbudin bin Imam Mohamad	-	-	-	-
Tan Chor Teck	350,000	0.15	9,719,680 (e)	4.20

Notes:

(a) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Casi Management Sdn Bhd.
(b) Deemed interested through his spouse and by virtue of Section 6A(4) of the Companies Act, 1965 held through Idea Kosmo Sdn Bhd.
(c) Deemed interested in 4,000 MWE shares held by his spouse.
(d) Shareholding is insignificant.
(e) Deemed interested through family members and by virtue of Section 6A(4) of the Companies Act, 1965 held through Simansu Sdn Bhd.
* Excluding a total of 355,000 shares bought back by MWE and retained as treasury shares as at 23 April 2007.

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of shareholders	No. of shares held	% of shares
1.	SOUTHERN NOMINEES (TEMPATAN) SDN BHD *Qualifier : Pledged Securities Account for Casi Management Sdn Bhd*	54,196,722	23.40
2.	MAYBAN NOMINEES (TEMPATAN) SDN BHD *Qualifier : Pledged Securities Account for Pinjaya Sdn Bhd*	10,656,000	4.60
3.	MAYBAN NOMINEES (TEMPATAN) SDN BHD *Qualifier : Pledged Securities Account for A.A. Anthony Securities Sdn Bhd*	9,957,600	4.30
4.	MAYBAN NOMINEES (TEMPATAN) SDN BHD *Qualifier : Pledged Securities Account for Tang King Hua*	9,164,500	3.96
5.	AMSEC NOMINEES (TEMPATAN) SDN BHD *Qualifier : AmBank (M) Berhad for E &O Property Development Berhad*	8,200,000	3.54
6.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *Qualifier : CIMB for Simansu Sdn Bhd*	8,058,000	3.48
7.	GREENLAND TIMBER INDUSTRIES (PRIVATE) LIMITED	7,966,000	3.44
8.	INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD *Qualifier : Driscoll Shipping Ltd*	7,800,000	3.37
9.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *Qualifier : Pledged Securities Account for A.A. Anthony Securities Sdn Bhd*	5,909,000	2.55
10.	A.A. ANTHONY NOMINEES (ASING) SDN BHD *Qualifier : Pledged Securities Account for Citibase Limited*	5,433,300	2.35
11.	MEDIA ZONE SDN BHD	4,001,000	1.73
12.	PINJAYA SDN BHD	3,048,700	1.32
13.	A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD *Qualifier : Pledged Securities Account for Bizurai Bijak (M) Sdn Bhd*	2,880,000	1.24
14.	MAGNUM 4D BERHAD	2,754,000	1.19
15.	A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD *Qualifier : for New Kota Credit Sendirian Berhad*	2,730,500	1.18
16.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD *Qualifier : Pledged Securities Account for E & O Developers Sdn Bhd*	2,125,000	0.92
17.	IDEA KOSMO SDN BHD	2,067,500	0.89
18.	NG KWENG THEAM	1,725,600	0.74
19.	A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD *Qualifier : for MCC Credit Sdn Bhd*	1,518,300	0.66
20.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *Qualifier : Pengurusan Danaharta Nasional Berhad for Raja Zainal Abidin Bin Raja Hussin*	1,209,000	0.52
21.	PACIFIC & ORIENT INSURANCE CO BERHAD	1,100,000	0.48
22.	TAN TOH HUA	1,041,400	0.45

As At 23 April 2007

No.	Name of shareholders	No. of shares held	% of shares
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *Qualifier: Pledged Securities Account for Muhammad Marzuki Bin A. Samad*	958,000	0.41
24.	ABM HOLDINGS SDN BHD	871,400	0.38
25.	TANG KING HUA	866,300	0.37
26.	HUANG PHANG LYE	829,000	0.36
27.	CIMSEC NOMINEES (ASING) SDN BHD *Qualifier:Danaharta Managers Sdn Bhd for Lau Kim Khoon @ Surin Upapatthang*	788,392	0.34
28.	KAM LOONG MINING SDN BHD	760,000	0.33
29.	GOLDEN BAY HOLDING SDN BHD	743,000	0.32
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *Qualifier: Pledged Securities Account for Yeap Leong Peng*	660,000	0.28
Total		160,018,214	69.10

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest No. of Shares	%*	Indirect Interest No. of Shares	%*
Pinjaya Sdn Bhd	13,966,280	6.04	-	-
Casi Management Sdn Bhd	54,877,522	23.74	-	-
Dato' Surin Upatkoon	786,630	0.34	54,877,522(a)	23.74
Tang King Hua	10,030,800	4.34	2,181,700(b)	0.94

Notes:

(a) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Casi Management Sdn Bhd.
(b) Deemed interested through his spouse and by virtue of Section 6A(4) of the Companies Act, 1965 held through Idea Kosmo Sdn Bhd.
* Excluding a total of 355,000 shares bought back by MWE and retained as treasury shares as at 23 April 2007.

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MWE HOLDINGS BERHAD
(COMPANY NO. 5713-D)
(INCORPORATED IN MALAYSIA)

FORM OF PROXY

CDS ACCOUNT NO.	NO. OF SHARES HELD

Registered Office : 846 Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Penang

I/We, ... Tel No : ....
(FULL NAME IN BLOCK CAPITALS)

NRIC No : .... (old) .... (new) / Co. Reg No ....

of ....
(ADDRESS)

being a member / members of MWE HOLDINGS BERHAD, hereby appoint ....

.... NRIC No: ....
(FULL NAME IN CAPITALS) (NEW & OLD IC NOS.)

of ....
(ADDRESS)

or failing whom ....NRIC No: ....
(FULL NAME IN CAPITALS) (NEW & OLD IC NOS.)

of..
(ADDRESS)

or failing whom , THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Penang on Wednesday, 6 June 2007 at 10.30 a.m. and at any adjournment thereof.

RESOLUTIONS	* FOR	* AGAINST
1. Adoption of Audited Financial Statements and Reports		
2. Declaration of Final Dividends of 2% tax exempt & 2% less tax at 27%		
3. Re-election of Dato' Surin Upatkoon as Director		
4. Re-election of Mr. Tang King Hua as Director		
5. Re-election of Dato' Dr Loga Bala Mohan a/l Jaganathan as Director		
6. Re-appointment of Dato' Ahmad Hasmuni Bin Hj Hussein as Director		
7. Approval of Directors' fees		
8. Re-appointment of Auditors		
9. To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
10. To approve the renewal of Proposed Share Buy-Back		
11. To approve the Proposed Amendments to the Articles of Association		

* Please indicate with an "X" in the spaces provided how you wish your votes to be cast. (If you do not do so, the Proxy will vote or abstain from voting at his discretion)

Dated this .... day of .... 2007.

....
Signature of Witness Signature of Shareholder (s)
Name:
Address:
Occupation:

Notes:

1. A member of the Company entitled to attend and vote at the Meeting, is entitled to appoint a proxy or two proxies to attend and vote instead of him. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A member of the Company who is an authorised nominee as defined under the Central Depositories Act, 1991 may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A proxy need not be a member of the Company.
2. The form of proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, must be executed under seal or under the hand of an officer or attorney duly authorised.
3. The instrument appointing a proxy must be deposited at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Penang not less than 48 hours before the time appointed for holding the Meeting.

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AFFIX
STAMP

The Company Secretary
MWE HOLDINGS BERHAD
846 Jalan Raya
14209 Sungei Bakap
Seberang Perai Selatan, Penang

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