MWE HOLDINGS BERHAD
(5713-D)

Annual Report

2008

Contents

Corporate Information

DIRECTORS

Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat
(Independent Non-Executive Chairman)
P.S.M.. S.P.S.K., S.S.A.P., S.P.T.J., S.P.D.K., D.P.C.M., D.S.A.P., D.I.M.P., K.M.N., A.M.N.

Tang King Hua
(Managing Director)

Lim Kong Yow
(Executive Director)

Dato' Surin Upatkoon
(Non-Independent Non-Executive Director)
D.S.P.N.

Lawrence Lim Swee Lin
(Independent Non-Executive Director)

Dato' Shahbudin bin Imam Mohamad
(Independent Non-Executive Director)
D.S.A.P., D.I.M.P., S.A.P., J.S.N., P.J.K..

Dato' Yogesvaran a/l T. Arianayagam
(Independent Non-Executive Director)
D.I.M.P.

Tan Chor Teck
(Independent Non-Executive Director)

AUDIT COMMITTEE

Dato' Yogesvaran a/l T. Arianayagam
Independent Non-Executive Director

Dato' Shahbudin bin Imam Mohamad
Independent Non-Executive Director

Tan Chor Teck
Independent Non-Executive Director

NOMINATION COMMITTEE

Dato' Yogesvaran a/l T. Arianayagam
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
Independent Non-Executive Director

Dato' Yogesvaran a/l/ T. Arianayagam
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 : 03-2698 3232 Fax : 03-2698 0313

AUDITORS

Moores Rowland (AF 0539)
Chartered Accountants
7th Floor, South Block, Wisma Selangor Dredging
142-A, Jalan Ampang, 50450 Kuala Lumpur

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

SOLICITORS

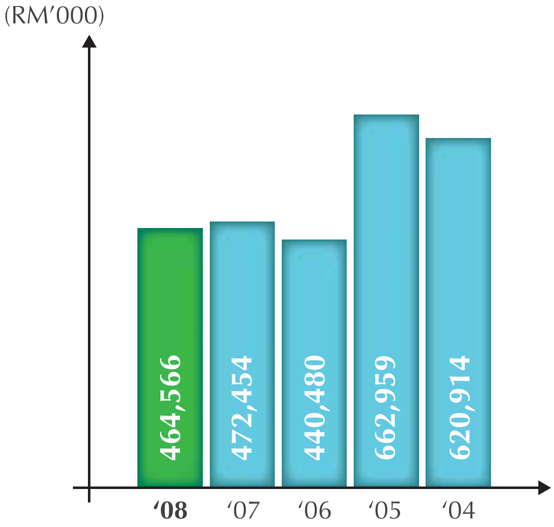
Ghazi & Lim
Kenny Lee & Associates

STOCK EXCHANGE LISTING

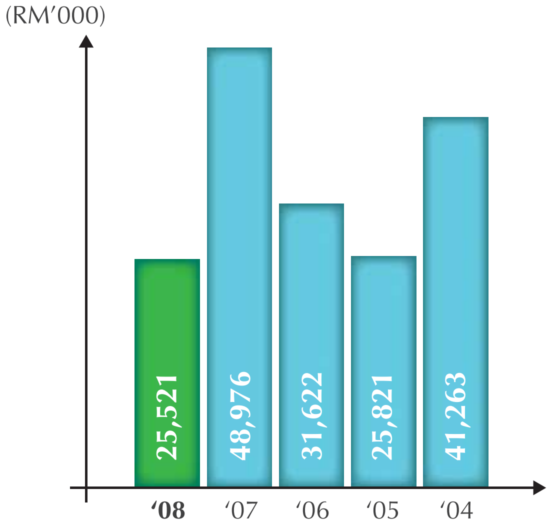
Main Board of Bursa Malaysia Securities Berhad
Stock Name: MWE
Stock Code : 3921

5 Years' Group Financial Highlights

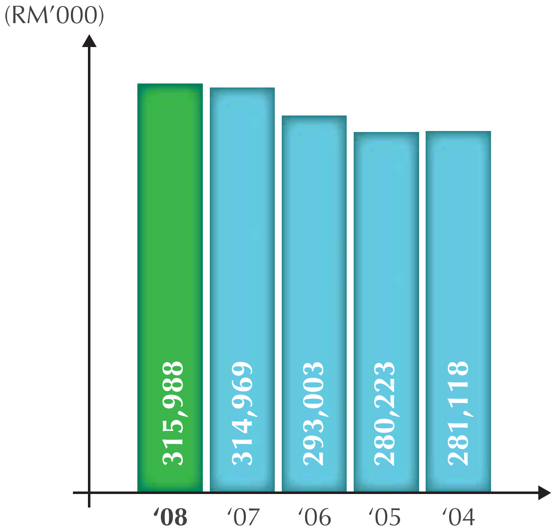
	2008 (RM'000)	2007 (RM'000)	2006 (RM'000)	2005 (RM'000)	2004 (RM'000)
Revenue	**464,566**	472,454	440,480	662,959	620,914
Profit Before Tax	**25,521**	48,976	31,622	25,821	41,263
Paid-up capital	**231,559**	231,559	231,559	231,559	231,559
Shareholders' Funds	**315,988**	314,969	293,003	280,223	281,118
Total Assets	**519,444**	494,461	500,356	618,382	623,519
Net Assets per share (sen)	**137**	136	127	121	121
Earnings per share (sen)	**8**	18	11	7	9
Net Dividend per share (sen)	**6**	7	8	5	2



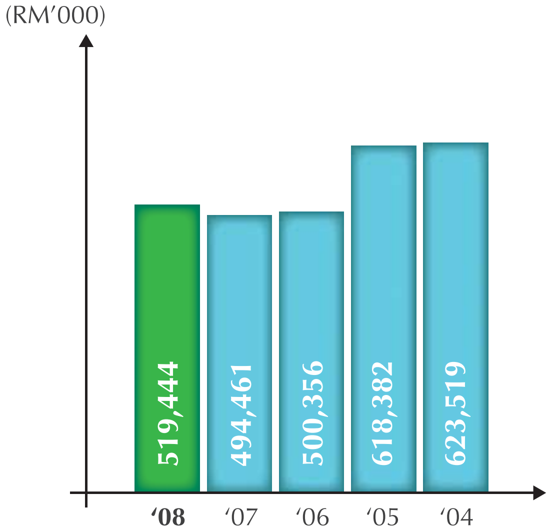
REVENUE



PROFIT BEFORE TAX



SHAREHOLDERS' FUND



TOTAL ASSETS

Corporate Structure

MWE HOLDINGS BERHAD
(5713-D)

- ELECTRONICS DIVISION
- PLANTATION DIVISION
- LEISURE DIVISION
- INDUSTRIAL DIVISION
- TEXTILE DIVISION
- PROPERTY DIVISION
- CORPORATE/ SERVICES DIVISION
- INTERNATIONAL DIVISION

Corporate Structure (cont'd)

- 100% Davex Holdings Berhad
  - 93% Davex (Malaysia) Sdn Bhd
    - 60% Specific Form Sdn Bhd * (40% held by Davex Holdings Berhad)
      - 100% Realistic Returns Sdn Bhd *
    - 100% Davex Engineering (M) Sdn Bhd
    - 100% Davex Australia Pty Ltd
    - 100% Davex Singapore Pte Ltd
  - 51% Round and Round Pte Ltd
  - 44% PI International Holdings Ltd ^
  - 36% Advanced Mobile Services & Solutions Sdn Bhd ^
  - 69% Phili-Orient Lines (Penang) Sdn Bhd
    - 100% Phili-Orient Airfreight (Penang) Sdn Bhd
      - 51% Phili-Orient Airfreight (Malaysia) Sdn Bhd
    - 49% Phili-Orient Airfreight (Malaysia) Sdn Bhd
  - 60% VXL Alliance Sdn Bhd
  - 68% Daviscomms (S) Pte Ltd
    - 100% Daviscomms (Malaysia) Sdn Bhd
- 100% Fauzi-Lim Plantation Sdn Bhd
- 100% Etika Gangsa Sdn Bhd
- 100% Taka Worldwide Trading Sdn Bhd
- 100% MWE Golf & Country Club Berhad
- 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
- 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
  - 20% CNT Garments Sdn Bhd ^
- 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
  - 100% 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 ^
  - 50% Weld Quay Development Sdn Bhd ^
  - 40% Island Garden Development Sdn Bhd ^
- 100% Ganda Pesona Sdn Bhd
- 100% Alam Perdana Sdn Bhd
- 70% Bay Potential Sdn Bhd
- 30% Premier Capital Holdings Sdn Bhd ^
- 100% Metra Management Sdn Bhd
  - 100% Metra Nominees Sdn Bhd
- 100% First Cosmopolitan Sdn Bhd
  - 100% Devanna Limited

* In the process of members' voluntary winding-up

^ Associated Company

Directors' Profile

TAN SRI DATO' SERI (DR) ASEH BIN HJ CHE MAT
(Independent Non-Executive Chairman)

Tan Sri Dato' Seri Dr. Aseh, 58, a Malaysian, was appointed to the Board of MWE on 23 July 2008 as an Independent Non-Executive Director and subsequently on 28 July 2008 as Non-Independent Non-Executive Chairman. Tan Sri Aseh obtained his Bachelor of Economics (Honours) degree from the University of Malaya in 1974 and obtained his Masters in Public Administration degree from the University of Southern California, USA in 1984. In year 2007, Tan Sri Aseh received his PhD (Honorary) in International Relations from the Lim Kok Wing University of Creative Technology, Cyberjaya.

Upon his graduation in 1974, Tan Sri Aseh joined the Ministry of Finance as Assistant Secretary. Prior to his retirement in October 2007 as Secretary General of the Ministry of Home Affairs, he held various positions in the civil service, ranging from Principal Assistant Secretary in the Education Services Commission, serving Sarawak and Sabah for 7 years from 1977 to 1981, and other various positions in the Ministry of Home Affairs before being appointed Deputy Director-General of Immigration Malaysia and thereafter, Director-General of Immigration Malaysia.

Tan Sri Aseh is active in community services and is currently the Chairman of RELA Cooperative, Chairman of FAM Monitoring and Integrity Committee, President of Rifle Association Malaysia, President of Tiara Golf & Country Club, Melaka Advisor of PAPITA (Singer Association of Malaysia) and Chairman of the Parents and Teachers Association (PIBG) of SMK Putrajaya since 2001. Tan Sri Aseh was also active in the Administrative and Diplomatic Service (ADS) and was its longest serving President.

Particulars of other directorships in public companies:-

Pos Malaysia Berhad (Chairman)
Stemlife Berhad (Chairman)
Lion Diversified Holdings Berhad

Tan Sri Aseh does not hold any shares in MWE or its subsidiaries.

DATO' SURIN UPATKOON
(Non-Independent Non-Executive Director)

Thai, aged 60, 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 Sdn Bhd and Magnum 4D Berhad respectively.

Dato' Surin has vast working experience in the textile manufacturing industry business, and has 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 Trustee of the Chang Ming Thien Foundation and Magnum Foundation, a Director of Kuen Cheng Girls' High School and also Vice President of Penang Table Tennis Association. He also sits on the boards of several public and private limited companies.

Dato' Surin does hold substantial shareholding in MWE. Details of his shareholdings are set out in the Directors' Report for the year ended 31 December 2008. He is deemed to have interest in shares in all the subsidiaries to the extent MWE has an interest.

Directors' Profile (cont'd)

TANG KING HUA
(Managing Director)

Malaysian, aged 51, 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 does have shares in MWE and its subsidiaries. Details of his shareholdings in MWE and its subsidiaries are set out in the Directors' Report for the year ended 31 December 2008.

LIM KONG YOW
(Executive Director)

Malaysian, aged 54, 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 does have shares in MWE. Details of his shareholdings in MWE are set out in the Directors' Report for the year ended 31 December 2008.

Directors' Profile (cont'd)

LAWRENCE LIM SWEE LIN
(Independent Non-Executive Director)

Malaysian, aged 52, 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 currently the Chief Executive Officer of Magnum Corporation Sdn Bhd and Executive Director of Magnum 4D Berhad. 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 does have shares in MWE. Details of his shareholdings are set out in the Directors' Report for the year ended 31 December 2008.

DATO' SHAHBUDIN BIN IMAM MOHAMAD
(Independent Non-Executive Director)

Malaysian, aged 67, 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.

Directors' Profile (cont'd)

TAN CHOR TECK
(Independent Non-Executive Director)

Malaysian, aged 47, 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 does have shares in MWE. Details of his shareholdings in MWE are set out in the Directors' Report for the year ended 31 December 2008.

DATO' YOGESVARAN A/L T. ARIANAYAGAM
(Independent Non-Executive Director)

Malaysian, aged 57, was appointed to the Board of MWE on 1 July 2008. Dato' Yogesvaran is a Fellow of the Chartered Institute of Management Accountant, UK, a Chartered Accountant with Malaysian Institute of Accountants and also an Associate member of Chartered Management Institute, UK.

Dato' Yogesvaran started his career as a Management Accountant with British Steel Corporation, England in year 1974. Upon his return to Malaysia in 1976, he joined Aseambankers Malaysia Berhad as Senior Manager and subsequently appointed as Head of Corporate Finance Division. In 1984, he left Aseambankers Malaysia Berhad and joined Sampoorna Holdings Berhad as its Chief Executive Officer. In November 1989, he joined Murnivest Sdn Bhd as Managing Director and currently he is the Managing Director of Asian Pac Management Sdn Bhd, a position he holds since January 2003. Dato' Yogesvaran brings along (30) years of experience in Corporate Finance, Financial Management and in Mergers and Acquisitions.

Dato' Yogesvaran also sits on the boards of Perisai Petroleum Teknologi Berhad, a public listed company, Multi-Purpose Insurans Berhad, a public limited company and several private limited companies in Malaysia, Singapore, New Zealand and India.

Dato' Yogesvaran does not hold any shares in MWE or its subsidiaries.

Particulars of Directors

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
Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat *(Appointed on 23 July 2008)*	Malaysian/ Malay	-	NIL	NIL	NIL
Tang King Hua *(Appointed on 2 February 2000)*	Malaysian/ Chinese	-	NIL	NIL	NIL
Lim Kong Yow *(Appointed on 11 December 2001)*	Malaysian/ Chinese	-	NIL	NIL	NIL
Dato' Surin Upatkoon *(Appointed on 29 July 1976)*	Thai/ Chinese	RC	Pinjaya Sdn Bhd	NIL	NIL
Lawrence Lim Swee Lin *(Appointed on 1 August 1989)*	Malaysian/ Chinese	-	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
Dato' Yogesvaran a/l T. Arianayagam *(Appointed on 1 July 2008)*	Malaysian/ Indian	AC, NC & RC	NIL	NIL	NIL

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

Chairman's Statement

On behalf of the Board of Directors, I have great pleasure to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2008.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2008, the Group posted a revenue of RM464.6 million. This was marginally lower than the RM472.5 million recorded in the previous year.

The Group's profit before tax was lower at RM25.5 million as compared to the RM49.0 million recorded in the previous year. The lower profit was due to lower share of results of associated companies and impairment loss from investments. Loss sustained by the Property Division also contributed to the Group's lower profitability.

At the company level, a loss before tax of RM13.7 million was incurred against a profit before tax of RM20.3 million achieved in the previous year. The loss was attributable to impairment loss on investments and allowance for doubtful debts.

DIVIDEND

Your Board proposed an interim dividend of 3% tax exempt for the financial year ended 31 December 2008 (Year 2007: 1% tax exempt and 3% less tax of 26%). This amounted to RM6.94 million which was paid out to shareholders on 26 February 2009.

Your Board is also recommending a final dividend of 3% tax exempt (Year 2007: 5% less tax of 26%) amounting to RM6.94 million for shareholders' approval at the forthcoming Annual General Meeting to be held on 2 June 2009. If approved by the shareholders, the dividend will be paid on 3 August 2009.

Together with the final payment, the total dividend for the financial year ended 31 December 2008 would be 6% tax exempt (2007: 1% tax exempt and 8% less tax of 26%).

REVIEW OF OPERATIONS

Textile Division

During the year, the Textile Division had been consolidated and combined under Apparel Business. The Division recorded a higher revenue of RM136.5 million. This is a growth of almost 10% compared to the RM124.3 million achieved in the previous year. In tandem with the growth in revenue, profit before tax rose by 31% from RM6.7 million to RM8.8 million for the current financial year.

The strong performance of the Division was due principally to the domestic garment operations. Concerted efforts in ensuring production efficiency through LEAN manufacturing method resulted in substantial cost savings and improved efficiency.

Our Vietnam operation, United Sweethearts Garment (Vietnam) Co. Ltd showed an increase in revenue to RM22.3 million as compared to RM18.0 million in the previous year. Profit before tax grew by 74% to RM4.0 million against the RM2.3 million achieved in the previous year. The significant increase in profit was attributable to cost reduction measures and production efficiency.

Chairman's Statement (cont'd)

Electronics Division

The Electronics Division which accounts for more than 50% of the Group's total revenue continued to deliver good results in the year 2008. It posted a revenue of RM253.0 million. This is an increase of 14% as compared to the RM222.1 million recorded in the year 2007. Driven by the sterling performance of both the lighting and pager section, the Division's profit before tax surged 33% to RM27.3 million from the RM20.6 million recorded in the previous year.

The lighting section continued to perform well in the Electronics Division both in terms of revenue and profitability. This commendable result was attributable to increase in export sales; mainly to Australia wholesale market. Meanwhile, our Singapore based marketing office continued to perform well with increase in demands from the local market. On the domestic market, sales remained strong whilst overseas markets such as United Kingdom and Papua New Guinea have also shown great improvements. This section will be bidding for several large projects. If successful, it is expected to contribute to the section's profitability in the year 2009.

Our pager section which was undertaken through Daviscomm reported a higher revenue of RM67.8 million as compared to the RM52.9 million recorded in the previous year. Profit before tax jumped substantially to RM4.6 million in comparison with the RM1.9 million achieved last year.

The growth in revenue and profit was due mainly to increase in demand for higher margin products from its existing customers. Our pager sales had shown strong resilience and contract manufacturing businesses continued to grow at a steady pace with increasing orders from its newly acquired customers.

During the year, freight section reported lower revenue of RM39.2 million compared to the RM51.9 million recorded in the previous year. Profit before tax declined from RM2.7 million to the RM0.9 million for the current year.

The deterioration in profit was due largely to the drop in business volume from Dell compounded by a slowdown in export business resulting from the global recession.

To cushion the impact of depressing demand for sea and air freight services as well as to boost sales activity, a new business development team based in the Northern Region has been set up to embark on strategic business planning. Apart from this, it has also moved its warehouse in Penang from Mak Mandin to Bukit Tengah in order to provide 50% more warehouse space. With the additional warehouse space and newly invested facilities, the section plans to further expand into warehouse businesses.

Property Division

The performance of the Property Division was affected by global economic crisis. It registered a lower revenue of RM35.9 million as compared to the RM95.0 million recorded for the previous year. Loss before tax was RM8.5 million as compared to a profit before tax of RM2.9 million in the previous year. The loss was attributed to allowance for doubtful debts and cost overruns for its development projects.

During the year, the Group's construction and project management arm, MWE Advanced Structure Sdn Bhd, successfully handed over a total of sixty-six (66) units of double storey terrace houses at Dengkil, Selangor and a factory building at Bukit Minyak, Penang. The on-going construction projects in Kuala Lumpur for six (6) units of 3½-storey strata bungalow and four (4) units of bungalow are expected to be completed by second quarter of 2009. Meanwhile, construction works at Tanjung Tokong, Penang comprising sixty-four (64) units of 3-storey semi detached houses has commenced in May 2008 and is targeted to be completed before end of year.

Chairman's Statement (cont'd)

Leisure Division

Although Monterez Golf & Country Club ("MGCC") had maintained a revenue of RM7.1 million, it reported a loss before tax of RM2.6 million against the previous year's loss before tax of RM0.3 million. The loss was attributed to allowance for doubtful debts and lower golfing activities due to adverse weather conditions.

Plantation Division

In the 2007 Annual Report, the Board reported the completion of its acquisition of Fauzi-Lim Plantation Sdn Bhd ("FLP") on 31 March 2009. FLP is involved in the cultivation of oil palm. During the year, your Board is pleased to inform that the Company has acquired the entire stake in two (2) companies, namely Etika Gangsa Sdn Bhd ("Etika") and Taka Worldwide Trading Sdn Bhd ('Taka"). Etika and Taka each owns 500 acres of vacant land at Gua Musang in Kelantan for the purpose of oil palm cultivation.

FLP posted a revenue of RM6.6 million over its 9 months operation with the Group for the financial year ended 31 December 2008 with a loss before tax of RM0.6 million. The loss sustained was due primarily to the unfavourable Crude Palm Oil ("CPO") prices towards the second half of the year and higher operating costs in particular fertilizers costs and rental premium.

Industrial Division

During the year, our subsidiary, Quasar Industrial Vehicles Sdn Bhd ("QIV") which distributes heavy trucks registered a revenue of RM21.7 million as compared to the RM20.2 million recorded in the previous year.

Due to improved sales and better profit margins in spare parts and servicing works, QIV managed to turn around from a loss before tax of RM1.0 million recorded in the year 2007 to a profit before tax of RM1.5 million for the current financial year.

DIRECTORATE

I am delighted to inform that Dato' Yogesvaran a/l T. Arianayagam and myself joined the Board on 1 July 2008 and 23 July 2008 respectively. I would also like to thank my fellow Board members for their confidence in nominating me as the Chairman of the Board. I hope our experiences would complement that of the Board in its commitment to pursue the highest standards of corporate governance and enhance shareholders' value.

My sincere thanks to Dato' Ahmad Hasmuni bin Haji Hussein and Dato' Dr Loga Bala Mohan a/l Jaganathan who had retired and resigned from the Board on 29 May 2008 and 26 February 2009 respectively. The Board commended their invaluable contributions during their tenure as Directors of the Company.

PROSPECTS

The financial crisis in the US which was triggered by sub-prime mortgage had a great impact on the global economy. The turmoil in the international financial markets had also been protracted. Major advanced economies are experiencing a deepening economic contraction while the regional economies are experiencing a rapid slowdown.

2009 is expected to be a tough year as the on-going volatile global economic conditions and financial crisis shows no signs of immediate recovery. Against the backdrop of unsettling global financial and economic upheavals, the Group will continue to be vigilant and resilient in order to mitigate the impact of the anticipated slowdown.

Chairman's Statement (cont'd)

In addition, we will explore the possibilities of leverage our capabilities and resources to expand our business involvement; we aim to focus on the development of integrated solutions and harnessing the potential for value creation in the Group's operating sectors.

APPRECIATION

On behalf of the Board of Directors, I would like to express our appreciation to the management and staff for their dedicated service and sacrifices. My appreciation and words of thanks are also extended to our valued shareholders, business associates, customers, regulators and bankers for their unwavering support and confidence throughout the year.

Finally, I wish to thank my colleagues of the Board for their guidance, continued support and dedication in driving the group forward during the year.

TAN SRI DATO' SERI (DR) ASEH BIN HAJI CHE MAT
Chairman

23 April 2009

Corporate Social Responsibility Statement

Success and sustainability of a business can no longer be assured by profit maximisation in today's business environment. Stakeholders are now more discerning about social roles played by the corporate citizens, especially in respect of the impact of business on the community, market place, work place and environment. As a result, business organisations have increasingly become aware of the importance to focus beyond compliance with laws to respond to the dynamic economic, social and environmental changes.

The Board of MWE Group acknowledges the significance of Corporate Social Responsibility ("CSR") and views CSR as an extension to the Group's efforts in promoting a strong corporate governance culture. MWE Group is committed to being a responsible member of the community via its conduct of business in an ethical manner, through its recognition of and positive response to society priorities, and through its meeting and exceeding regulatory expectations. This commitment guides the Group's CSR programme and underscores its obligations towards all stakeholders comprising customers, consumers, employees, shareholders, business partners, the Government and the various communities in which the Group's businesses operate in.

Over the financial year under review, MWE and its subsidiaries has continued to undertake social activities by delivering support in the form of time, energy, human resources and finance to the society.

Towards this end, MWE Group has subscribed to the CSR practices and is in line with the CSR Framework for Public Listed Companies launched by Bursa Securities Berhad ("Bursa Securities"). The CSR Framework of Bursa Securities endorses the Triple Bottom Line ("TBL") reporting concept which focuses on three (3) elements, namely social, environmental and financial accountability. Business decision making process based on TBL reporting is becoming an accepted approach implementing the intangible sustainability.

COMMUNITY

The Group plays its role as a socially responsible corporate citizen in the community through various activities held with the aim of caring for the well being of the society at large.

During the year, the Group continued to involve in various community activities including organising social visits to children with special need centre, orphanage and old folks' home. In addition, MWE Group had also contributed both in monies and in-kind to the underprivileged and needy children such as Association Y.R.J.S. Handicapped Children's Home, Pusat Harian Kanak-Kanak Spastik, Grace Home for the drug addict rehabilitation centre, various religious temples and not forgetting the donation to various primary and secondary schools in order to assist the schools to carry out the maintenance and repairing works on the buildings for the schools. Apart from this, we have reached out to victims of natural disasters. This is evidenced by our donations to earthquake victims in Szechuan Province, China.

The Group has also participated in the sponsorships of sports events including Penang Table Tennis Junior League 2008, MWE Challenge Trophy 2008-sponsorship in collaboration with Majlis Sukan Negeri Pulau Pinang.

In supporting the Blood Donation Campaign awareness, United Sweethearts Garment Sdn Bhd, the wholly-owned subsidiary of MWE has participated in the Blood Donation Campaign with Hospital Seberang Jaya of which has enable to collect (69) bottles in one (1) day event.

Programmes like these keep us moving and motivated to be part of it and supportive in the most charitable deed.

Corporate Social Responsibility Statement (cont'd)

WORKPLACE

MWE Group recognizes the importance of our human capital and the role our personnel have in the overall success of the Group. Developing our human capital remains our core priority as we recognize that competent employees form the foundation and backbone of our successful conglomerate.

Employees are continuously provided with training and development opportunities to equip them with the relevant skills, knowledge and experience. The benefits provided for employees include hospitalization and personal accident insurance coverage.

In addition to developing the skills of our personnel, it is also a priority for the Group to support the well-being of our employees. During the year, USG Recreation Club has organised a Gala Night and "Deeparaya" for the overall well-being and fostering close relationships with all employees so to create a sense of belonging amongst them. All these activities are expected to promote stronger bond among the staff and to unite all staff as one.

The Group also emphasised on health and safety aspects at the workplace and continues to roll out its ongoing Occupational Health and Safety ("OHS") initiatives which include OHS training, the implementation of a central controlled safe work permit, fire evacuation drills, periodic checks, certification audits by regulatory authorities and hazardous work controls. All of these initiatives helped the Group to reduce the number of accidents and workdays lost during the year.

ENVIRONMENT

As an environmental socially responsible corporate citizen, the Group undertook several initiatives in preserving the environment including upgrading its IT infrastructure on its move to a paperless environment, reducing the usage of papers via electronic communication and recycling paper waste as well as contributing through donations to the environmental programmes.

Continuous initiatives are carried out and practiced throughout the organization in aid of preserving the environment including:-

- Communication via emails to reduce usage of papers on letter or memos.
- Document management system in place to store documents electronically in pursuit of paperless environment.
- Staff are encouraged to print double-sided to reduce usage of papers.

MARKET PLACE

To be socially responsible in the economic boundaries it operates by maintaining high integrity at the market place through ethical business conduct, good corporate governance practices and enhancement of the shareholders' value through exceptional management accounting practices. In achieving the corporate goals, the Group will not compromise its ethical values to provide fair and equitable opportunities to the stakeholders.

Statement on Corporate Governance

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 Board is responsible for the overall governance of the Group and the Board discharges these responsibility through compliance with the relevant rules, regulations and guidelines to adopt the best practices in the Malaysian Code of Corporate Governance.

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) Independent Non-Executive Chairman, one (1) non-independent & non-executive director, four (4) independent & non-executive directors, one (1) managing director and one (1) executive director. The number of independent & non-executive directors make up more than one third (1/3) of the memberships of the Board and their presence provided fair and independent view to the Board.

The respective roles of Chairman, the Managing Director and Executive Director are clearly defined, so as to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Managing Director and Executive Director have overall responsibility for the operating units, organisational effectiveness and implementation of Board policies and decisions.

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 6 to 9. 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 has nominated Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat, the Chairman of the Board, to whom any concerns of shareholders or investors may be conveyed.

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 five (5) times during the year 2008, 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.

Statement on Corporate Governance (cont'd)

The details of attendance of each Director at the Board of Directors' Meetings held during the financial year ended 31 December 2008 are set out as follows:-

Directors	Attendance
Tang King Hua	5/5
Lim Kong Yow	5/5
Dato' Dr Loga Bala Mohan a/l Jaganathan *(Resigned w.e.f. 26 February 2009)*	4/5
Dato' Surin Upatkoon	5/5
Lawrence Lim Swee Lin	5/5
Dato' Ahmad Hasmuni bin Hj Hussein *(Retired at Annual General Meeting held on 29 May 2008)*	2/3
Dato' Shahbudin bin Imam Mohamad	5/5
Tan Chor Teck	5/5
Dato' Yogesvaran a/l T. Arianayagam *(Appointed w.e.f. 1 July 2008)*	2/2
Tan Sri Dato' Seri (Dr) Aseh bin Hj. Che Mat (Appointed w.e.f. 23 July 2008)	2/2

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 have unrestricted access to information relating to the Group's operations in the discharge of their duties and may require to be provided with further information on the Board Meeting agenda item.

The Directors are regularly updated by the Company Secretary on the regulatory requirements in discharging their duties and responsibilities.

The Company Secretary attends all Board meetings and ensures that accurate and adequate records of the proceedings and decision made during the Board meetings are properly kept.

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

Any proposed appointment of new director to the Board will be deliberated at the Nomination Committee to ensure that the process of nominating and appointing new members to the Board is fair and transparent. Currently, the Committee comprises the following members:-

1. Dato' Yogesvaran a/l T. Arianayagam (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.

Statement on Corporate Governance (cont'd)

Re-election of Directors

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over seventy (70) years of age shall retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

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, or, if their number is not a multiple of three (3), the number nearest to but not exceeding one-third (1/3) shall retire from office at each Annual General Meeting and offer themselves for re-election by rotation at each Annual General Meeting.

Directors who are appointed by the Board are subject to re-election at the next Annual General Meeting held following their appointment.

Directors' Training

The Directors are mindful that they should receive appropriate continuous training by attending various seminars and talks in order to broaden their perspectives and to keep abreast with the development in the business environment as well as the regulatory and statutory requirements.

During the financial year ended 31 December 2008, the Directors had attended their training programmes on Corporate Social Responsibility Essentials for Directors.

Directors' Remuneration

The Remuneration Committee currently comprises the following members:-

1. Dato' Yogesvaran a/l T. Arianayagam (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 2008 are as follows:-

	Directors' Fees (RM)	Salary (RM)	Other Emoluments (RM)	Total (RM)
Executive Directors	98,000	1,137,111	538,465	1,773,576
Non-Executive Directors	221,750	120,000	60,500	402,250
Total	319,750	1,257,111	598,965	2,175,826

Statement on Corporate Governancee (cont'd)

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:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Up to 50,000	-	5
50,001 - 100,000	-	1
100,001 - 200,000	1	-
200,001 - 300,000	-	1
400,001 - 500,000	1	-
1,000,001 - 1,200,000	1	-

2. RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Company recognises the importance of maintaining accountability and transparency to its shareholders through regular and timely dissemination of information to shareholders of the Company via annual report and financial statements, circulars to shareholders, quarterly financial reports and 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 to facilitate informed investment decisions.

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 Chairman'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.

Statement on Corporate Governance (cont'd)

Internal Controls

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. The internal audit's role is to provide independent reports on the organisation's management, records, accounting policies and controls to the Board.

The internal audit function reports directly to the Audit Committee and its findings and recommendations are communicated to the Board.

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.

The external auditors have reviewed this Statement on Internal Control for inclusion in the annual report of the Group for the year ended 31December 2008 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal controls within the Group.

Relationship with the Auditors

The Audit Committee meets with the Group's external auditors at least twice a year to review the scope and adequacy of the audit process, the annual financial statements and their audit finding. The Audit Committee also meets with the external auditors whenever it deemed necessary.

The external auditors will 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 gives a true and fair view of the state of affairs of the group and of the Company in accordance with applicable and approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 subject 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.

Continuing Corporate Disclosure

Share Buybacks

During the financial year ended 31 December 2008, there were no re-purchase of shares of the Company.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were 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 2008.

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.

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

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

Audit Committee

AUDIT COMMITTEE

Dato' Yogesvaran a/l T. Arianayagam
Independent Non-Executive Director

Tan Chor Teck
Independent Non-Executive Director

Dato' Shahbudin bin Imam Mohamad
Independent Non-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. all members of the Audit Committee shall be non-executive directors and the majority of the Audit Committee must 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.

   c) fulfil such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

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.

Audit Committee (cont'd)

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 members shall meet with the external auditors at least twice (2) a year, 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 adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
   f) the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
   g) 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;
   h) 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;
   i) any letter of resignation from the external auditors of the Company; and
   j) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
2. the engagement of Internal Audit Services Provider;
3. recommend the nomination of a person or persons as external auditors;
4. 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
5. 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, however, additional meetings may be called at any time at the Audit Committee Chairman's discretion or if requested by any Audit Committee members, the management, internal or external auditors.

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.

Audit Committee (cont'd)

Other directors and employees may be invited to attend any particular Audit Committee meeting, except for those portions of the meeting where their presence may be considered inappropriate, as determined by the Chairman.

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 2008 and the attendance record is as follows:-

	27/2/2008	23/4/2008	27/5/2008	20/8/2008	13/11/2008
Dato' Shahbudin bin Imam Mohamad	✓	✓	✓	✓	✓
Mr. Tan Chor Teck	✓	✓	✓	✓	✓
Dato' Ahmad Hasmuni bin Hj Hussein *(Retired at the Annual General Meeting held on 29 May 2008)*	✓	✓	✓	-	-
Dato' Yogesvaran a/l T. Arianayagam *(Appointed w.e.f. 1 July 2008)*	-	-	-	✓	✓

ACTIVITIES

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

- Reviewed and approved the annual internal audit plan for year 2008.
- 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 and Finance Manager of the Company.
- Reviewed the audited financial statements for the financial year ended 31 December 2008 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.

Statement On Internal Control

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. In view of the limitations inherent in any system of internal control, such a system is designed to only manage risk within tolerance levels, rather than eliminate the risk of failure to achieve business objectives. Hence, such system by its nature can only provide reasonable and not absolute assurance against material misstatement, financial loss or fraud.

The Board is of the view that the system of internal control in place for the year under review, and up to the date of approval of the annual report and financial statement, is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Company's assets.

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 of any investment or significant expenditure, its impact on the Group and its financial implications prior to any decision.

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. 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 recommendations for improvement on the internal control system 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 associates, 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 associates. 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 associates.

Statement On Internal Control (cont'd)

Key Elements of Internal Control

The other key elements of the Company's internal control systems are:-

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 - 31 December 2008

Directors' Report
For The Year Ended 31 December 2008

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 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

There has been no significant change in the nature of this activity during the financial year.

The principal activities of the subsidiaries are indicated in Note 9 to the financial statements.

RESULTS

	Group RM	Company RM
Net profit/(loss) for the year	21,404,425	(14,552,625)
Attributable to:		
Shareholders of the Company	18,916,194	(14,552,625)
Minority interests	2,488,231	-
	21,404,425	(14,552,625)

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 2007 as disclosed in the directors report for that year -	
(i) Interim dividend paid on 18 March 2008	
- 1% tax exempt	2,312,040
- 3% less 26% tax	5,132,729
	7,444,769
(ii) Final dividend paid on 28 July 2008	
- 5% less 26% tax	8,554,549
	15,999,318
(b) In respect of the financial year ended 31 December 2008 - Interim dividend paid on 26 February 2009	
- 3% tax exempt	6,936,120

The directors now recommend the payment of a final dividend of 3% tax exempt amounting to RM6,936,120 for the financial year ended 31 December 2008, subject to approval of the shareholders at the forthcoming annual general meeting ("AGM").

Directors' Report
For The Year Ended 31 December 2008 (cont'd)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

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% of the issued and paid-up share capital of the Company. The authority from the shareholders has been renewed at each of the subsequent AGMs of the Company and was last renewed on 29 May 2008. This authority will expire at the conclusion of the forthcoming AGM of the Company.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

There were no repurchase of shares during the financial year under review. The Company repurchased 355,000 ordinary shares in the year 2005 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 2008, the total number of treasury shares held by the Company is 355,000 ordinary shares.

DIRECTORS

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

Dato' Surin Upatkoon	
Tang King Hua	
Lim Kong Yow	
Lawrence Lim Swee Lin	
Dato' Shahbudin Bin Imam Mohamad	
Tan Chor Teck	
Dato' Yogesvaran A/L T Arianayagam	(appointed on 1-7-2008)
Tan Sri Dato' Seri (Dr) Aseh Bin Hj Che Mat	(appointed on 23-7-2008)
Dato' Hj Ahmad Hasmuni Bin Hj Hussein	(retired at AGM held on 29-5-2008)
Dato' Dr. Loga Bala Mohan A/L Jaganathan	(resigned on 26-2-2009)

In accordance with the Company's Articles of Association, Tan Sri Dato' Seri (Dr) Aseh Bin Hj Che Mat and Dato' Yogesvaran A/L T Arianayagam who were appointed to the board subsequent to the date of the last AGM, retire from the board at the forthcoming AGM together with Mr Lim Kong Yow and Dato' Shahbudin Bin Imam Mohamad who retire by rotation. All the retiring directors, being eligible, offer themselves for re-election.

Directors' Report
For The Year Ended 31 December 2008 (cont'd)

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 in the Company during the financial year except as follows:

	Number of ordinary shares of RM1 each			
The Company	**At 1-1-2008**	**Bought**	**Sold**	**At 31-12-2008**
Dato' Surin Upatkoon				
- direct interest	786,630	-	-	786,630
- deemed interest	72,100,939	3,052,800	(3,052,800)	72,100,939
Tang King Hua				
- direct interest	10,030,800	-	-	10,030,800
- deemed interest	2,181,700	-	-	2,181,700
Lim Kong Yow				
- direct interest	48,000	-	-	48,000
- deemed interest	4,000	-	-	4,000
Lawrence Lim Swee Lin				
- direct interest	320,000	104,000	-	424,000
- deemed interest	-	3,052,800	-	3,052,800
Tan Chor Teck				
- direct interest	350,000	-	-	350,000
- deemed interest	9,719,680	-	-	9,719,680

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 related corporations of the Company during the financial year, except for the interests in shares held by Mr Tang King Hua and Dato' Dr. Loga Bala Mohan A/L Jaganathan in the following subsidiaries:

	Number of ordinary shares of RM1 each			
	At 1-1-2008	**Bought**	**Sold**	**At 31-12-2008**
Davex Holdings Berhad				
- Tang King Hua				
- direct interest	171,765	-	(171,765)	-
Davex (Malaysia) Sdn Bhd				
- Tang King Hua				
- direct interest	127,000	-	-	127,000

Directors' Report
For The Year Ended 31 December 2008 (cont'd)

	Number of ordinary shares of RM1 each			
	At 1-1-2008	Bought	Sold	At 31-12-2008
Phili-Orient Lines (Penang) Sdn Bhd				
- Tang King Hua				
- deemed interest	60,392	-	-	60,392
Bay Potential Sdn Bhd				
- Dato' Dr. Loga Bala Mohan A/L Jaganathan				
- direct interest	30,000	-	-	30,000

	Number of ordinary shares of SGD1 each			
	At 1-1-2008	Bought	Sold	At 31-12-2008
Daviscomms (S) Pte Ltd				
- Tang King Hua				
- direct interest	24,000	-	-	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 a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with 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

Directors' Report
For The Year Ended 31 December 2008 (cont'd)

(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; 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, retire at the forthcoming AGM and do not wish to seek re-appointment. The directors have received a nomination to appoint Mazars, Chartered Accountants, as auditors for the ensuing year. Mazars have expressed their willingness to accept nomination as auditors and a motion to resolve their appointment will be tabled at the forthcoming AGM.

Signed on behalf of the directors in accordance with a directors' resolution dated 23 April 2009

DATO' SURIN UPATKOON
Director

TANG KING HUA
Director

Kuala Lumpur

Independent Auditors' Report
To The Members Of MWE Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of MWE Holdings Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 109.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report
To The Members Of MWE Holdings Berhad (cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.

(c) 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment material to the consolidated financial statements or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MOORES ROWLAND
No. AF: 0539
Chartered Accountants

GAN MORN GHUAT
No. 1499/5/09 (J)
Partner

Kuala Lumpur
23 April 2009

Balance Sheets
31 December 2008

	Note	Group		Company	
		2008	2007	2008	2007
		RM	RM	RM	RM
NON-CURRENT ASSETS					
Property, plant and equipment	3	70,969,773	73,893,979	-	-
Investment properties	4	59,918,000	58,600,000	-	-
Biological assets	5	11,539,429	-	-	-
Prepaid lease payments	6	51,018,302	23,732,939	-	-
Intangible assets	7	21,123,720	16,478,174	-	-
Land held for property development	8	36,276,883	28,089,896	-	-
Investment in subsidiaries	9	-	-	243,872,455	190,751,667
Amount owing by subsidiaries	10	-	-	156,821,118	206,653,427
Investment in associates	11	28,129,425	25,967,945	1	1
Other investments	12	22,077,965	24,965,412	13,381,487	15,152,156
Deferred tax assets	13	607,138	594,310	-	-
		301,660,635	252,322,655	414,075,061	412,557,251
CURRENT ASSETS					
Inventories	14	68,356,523	59,714,239	-	-
Property development costs	15	2,463,043	1,865,910	-	-
Gross amount due from customers	16	7,713,536	13,963,155	-	-
Trade and other receivables	17	90,974,338	109,677,782	4,500	3,725,698
Amount owing by associates	18	3,354,413	1,101,405	-	-
Current tax assets		2,894,906	4,166,342	712,607	2,499,351
Fixed and time deposits	19	5,004,267	17,174,430	-	2,680,051
Cash and bank balances	20	37,022,775	34,475,282	839,656	343,603
		217,783,801	242,138,545	1,556,763	9,248,703
TOTAL ASSETS		519,444,436	494,461,200	415,631,824	421,805,954

Balance Sheets
31 December 2008 (cont'd)

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
EQUITY					
Share capital	21	231,559,015	231,559,015	231,559,015	231,559,015
Reserves	22	84,663,894	83,644,655	28,252,206	58,804,149
Treasury shares	23	(234,841)	(234,841)	(234,841)	(234,841)
Equity attributable to shareholders of the Company		315,988,068	314,968,829	259,576,380	290,128,323
Minority interests		27,854,999	30,086,588	-	-
TOTAL EQUITY		343,843,067	345,055,417	259,576,380	290,128,323
NON-CURRENT LIABILITIES					
Hire purchase and finance lease liabilities	24	1,832,977	2,380,696	-	-
Bank term loans	25	4,804,829	12,400,771	4,346,408	11,846,408
Amount owing to subsidiaries	10	-	-	118,978,347	105,748,773
Deferred tax liabilities	26	2,331,502	6,003,025	-	-
Deferred income	27	14,656,272	15,441,233	-	-
		23,625,580	36,225,725	123,324,755	117,595,181
CURRENT LIABILITIES					
Gross amount due to customers	16	4,749,572	4,334,589	-	-
Trade and other payables	28	90,580,886	73,744,261	5,730,689	6,582,450
Amount owing to associates	18	55,668	-	-	-
Hire purchase and finance lease liabilities	24	1,180,625	1,172,522	-	-
Bank borrowings	29	50,162,087	29,877,668	27,000,000	7,500,000
Current tax liabilities		5,246,951	4,051,018	-	-
		151,975,789	113,180,058	32,730,689	14,082,450
TOTAL LIABILITIES		175,601,369	149,405,783	156,055,444	131,677,631
TOTAL EQUITY AND LIABILITIES		519,444,436	494,461,200	415,631,824	421,805,954

Notes to and forming part of the financial statements are set out on pages 45 to 109
Auditors' Report - Pages 35 and 36

Income Statements
For The Year Ended 31 December 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Continuing operations					
Gross revenue	30	464,565,629	472,453,684	25,434,639	15,489,927
Cost of sales	31	(371,681,167)	(381,573,208)	-	-
Gross profit		92,884,462	90,880,476	25,434,639	15,489,927
Other operating income		9,451,176	3,959,588	2,591,730	2,927,775
Selling and distribution costs		(16,066,868)	(13,534,353)	-	-
Administrative and general expenses		(59,586,680)	(52,334,866)	(18,707,709)	(1,372,554)
Profit from operations	32	26,682,090	28,970,845	9,318,660	17,045,148
Finance costs	33	(3,983,265)	(3,835,014)	(2,048,366)	(2,068,562)
Fair value adjustment on investment properties		3,296,758	(162,156)	-	-
Net (loss)/gain from investments	34	(737,410)	21,549,130	(20,970,667)	5,306,600
Share of results of associates		262,490	2,453,242	-	-
Profit/(Loss) before tax		25,520,663	48,976,047	(13,700,373)	20,283,186
Tax expense	35	(4,083,747)	(6,130,248)	(852,252)	(3,468,059)
Profit/(Loss) from continuing operations		21,436,916	42,845,799	(14,552,625)	16,815,127
Discontinued operations					
Net loss from discontinued operations	36	(32,491)	(70,240)	-	-
Net profit/(loss) for the year		21,404,425	42,775,559	(14,552,625)	16,815,127
Attributable to:					
Shareholders of the Company		18,916,194	41,343,520	(14,552,625)	16,815,127
Minority interests		2,488,231	1,432,039	-	-
Net profit/(loss) for the year		21,404,425	42,775,559	(14,552,625)	16,815,127
Earnings per ordinary share attributable to equity holders of the Company	37				
Basic (sen)		8.18	17.88		
Net dividend per ordinary share (sen)	38	6.92	8.19	6.92	8.19

Notes to and forming part of the financial statements are set out on pages 45 to 109
Auditors' Report - Pages 35 and 36

Consolidated Statement Of Changes In Equity
For The Year Ended 31 December 2008

	<------------------------- Attributable to equity holders of the Company ------------------------->								
	Share capital RM	Share premium RM	Exchange translation reserve RM	Capital reserve RM	Unappropriated profit RM	Treasury shares RM	Total RM	Minority interests RM	Total equity RM
At 1 January 2007	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
Net loss recognised directly in equity									
- Exchange translation differences	-	-	(442,448)	-	-	-	(442,448)	(547,824)	(990,272)
Net profit for the year	-	-	-	-	41,343,520	-	41,343,520	1,432,039	42,775,559
Total recognised income and expense for the year	-	-	(442,448)	-	41,343,520	-	40,901,072	884,215	41,785,287
Acquisition of shares in subsidiaries	-	-	-	-	-	-	-	392,353	392,353
Dilution of equity interests in subsidiaries	-	-	-	-	-	-	-	(451,856)	(451,856)
Dividends paid									
- Dividends of the Company (Note 38)	-	-	-	-	(18,935,609)	-	(18,935,609)	-	(18,935,609)
- Dividends of subsidiaries	-	-	-	-	-	-	-	(1,809,988)	(1,809,988)
At 31 December 2007	231,559,015	23,586,099	5,353,021	754,156	53,951,379	(234,841)	314,968,829	30,086,588	345,055,417
Transfer to capital reserve	-	-	-	400,000	(400,000)	-	-	-	-
Transfer from exchange translation reserve	-	-	243,011	-	(243,011)	-	-	-	-
Net loss recognised directly in equity									
- Exchange translation differences	-	-	(1,897,637)	-	-	-	(1,897,637)	331,137	(1,566,500)
Net profit for the year	-	-	-	-	18,916,194	-	18,916,194	2,488,231	21,404,425
Total recognised income and expense for the year	-	-	(1,897,637)	-	18,916,194	-	17,018,557	2,819,368	19,837,925
Acquisition of additional shares in subsidiaries	-	-	-	-	-	-	-	(2,999,488)	(2,999,488)
Dividends paid									
- Dividends of the Company (Note 38)	-	-	-	-	(15,999,318)	-	(15,999,318)	-	(15,999,318)
- Dividends of subsidiaries	-	-	-	-	-	-	-	(2,051,469)	(2,051,469)
At 31 December 2008	231,559,015	23,586,099	3,698,395	1,154,156	56,225,244	(234,841)	315,988,068	27,854,999	343,843,067

Notes to and forming part of the financial statements are set out on pages 45 to 109
Auditors' Report - Pages 35 and 36

Statement Of Changes In Equity
For The Year Ended 31 December 2008

	Share capital RM	Share premium RM	Unappropriated profit RM	Treasury shares RM	Total RM
At 1 January 2007	231,559,015	23,586,099	37,338,532	(234,841)	292,248,805
Net profit for the year	-	-	16,815,127	-	16,815,127
Dividends paid (Note 38)	-	-	(18,935,609)	-	(18,935,609)
At 31 December 2007	231,559,015	23,586,099	35,218,050	(234,841)	290,128,323
Net loss for the year	-	-	(14,552,625)	-	(14,552,625)
Dividends paid (Note 38)	-	-	(15,999,318)	-	(15,999,318)
At 31 December 2008	231,559,015	23,586,099	4,666,107	(234,841)	259,576,380

Notes to and forming part of the financial statements are set out on pages 45 to 109
Auditors' Report - Pages 35 and 36

Cash Flow Statements
For The Year Ended 31 December 2008

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	25,520,663	48,976,047	(13,700,373)	20,283,186
Adjustments for:				
Depreciation	7,354,680	7,786,275	-	-
Gain on disposal of property, plant and equipment	(944,075)	(359,388)	-	-
Property, plant and equipment written off	2,365,112	62,737	-	-
Fair value adjustment on investment properties	(3,296,758)	162,156	-	-
Amortisation of biological assets	460,571	-	-	-
Gain on disposal of prepaid lease payments	-	(506,251)	-	-
Amortisation of prepaid lease payments	714,637	337,982	-	-
Net (loss)/gain from investments (Note 34)	737,410	(21,549,130)	20,970,667	(5,306,600)
Share of results of associates	(262,490)	(2,453,242)	-	-
Impairment loss on goodwill	3,115,516	2,306,108	-	-
Inventories write-down	570,645	1,549,898	-	-
Reversals of inventories write-down	(1,549,898)	-	-	-
Allowance for doubtful debts	4,485,922	3,175,484	17,350,000	-
Allowance for doubtful debts written back	(727,548)	(193,099)	-	-
Bad debts written off	127,794	176,431	11,777	12,122
Net unrealised (gain)/loss on foreign exchange	(761,218)	736,873	-	-
Realised exchange translation reserve	(2,342,774)	-	-	-
Dividend income	(1,389,327)	(656,774)	(25,434,639)	(15,489,927)
Interest income	(1,015,838)	(1,138,486)	(2,591,730)	(2,927,775)
Interest expenses	3,730,046	3,658,052	2,048,366	2,068,562
Hire purchase and finance lease term charges	331,132	286,425	-	-
Operating profit/(loss) before working capital changes	37,224,202	42,358,098	(1,345,932)	(1,360,432)
Changes in inventories	(9,883,662)	(4,448,620)	-	-
Changes in property development costs	(8,784,120)	8,794,210	-	-
Changes in receivables	15,800,514	(13,502,129)	3,709,421	(3,733,320)
Changes in payables	12,464,353	(2,719,575)	(851,760)	65,235
Changes in trade line borrowings	(488,690)	1,042,963	-	-
Cash generated from/(utilised in) operations	46,332,597	31,524,947	1,511,729	(5,028,517)
Interest received	1,015,838	1,138,486	2,591,730	2,927,775
Interest paid	(3,730,046)	(3,658,052)	(2,048,366)	(2,068,562)
Tax (paid)/refunded	(5,426,919)	(3,692,094)	1,868,533	2,586,767
Net cash from/(used in) operating activities				
- Continuing operations	38,191,470	25,313,287	3,923,626	(1,582,537)
- Discontinued operations (Note 36)	1,271,249	1,476,385	-	-
	39,462,719	26,789,672	3,923,626	(1,582,537)

Cash Flow Statements
For The Year Ended 31 December 2008 (cont'd)

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(6,024,212)	(5,920,078)	-	-
Purchase of investment properties	-	(3,697,884)	-	-
Purchase of prepaid lease payments	-	(1,183,516)	-	-
Purchase of shares in subsidiaries	(4,270,579)	-	(72,320,786)	(41,070,000)
Purchase of shares in associates	(1,150,124)	(1,000,000)	-	-
Purchase of other investments	-	(2,372,074)	-	(872,073)
Proceeds from disposal of property, plant and equipment	1,087,211	629,679	-	-
Proceeds from disposal of investment properties	2,410,000	-	-	-
Proceeds from disposal of prepaid lease payments	-	640,714	-	-
Acquisition of subsidiaries, net of cash (Note 39)	(38,175,986)	-	-	-
Proceeds from liquidation of subsidiaries (Note 40)	10	-	-	-
Proceeds from disposal of other investments	355,157	35,703,457	-	15,335,839
Proceeds from disposal of non-current asset held for sale	-	11,000,000	-	-
Redemption of preference shares in an investee company	1,000,000	-	-	-
Placement of fixed and time deposits pledged	(1,329,641)	(269,091)	-	-
Repayment from subsidiaries	-	-	32,482,309	6,057,543
Dividends received from subsidiaries	-	-	23,441,375	12,268,750
Dividends received from other investments	1,059,223	480,156	1,059,223	480,156
Net cash (used in)/from investing activities				
- Continuing operations	(45,038,941)	34,011,363	(15,337,879)	(7,799,785)
- Discontinued operations (Note 36)	-	(90,897)	-	-
	(45,038,941)	33,920,466	(15,337,879)	(7,799,785)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of bank borrowings	(7,585,017)	(23,436,455)	(7,500,000)	(22,355,127)
Payment of hire purchase and finance lease instalments	(1,121,519)	(1,304,757)	-	-
Hire purchase and finance lease term charges paid	(331,132)	(286,425)	-	-
Capital injection by minority shareholders	-	392,353	-	-
Bank borrowings raised	21,171,000	-	19,500,000	-
Advances from subsidiaries	-	-	13,229,573	52,760,831
Dividends paid to shareholders	(15,999,318)	(18,935,609)	(15,999,318)	(18,935,609)
Dividends paid to minority interests	(2,051,469)	(1,809,988)	-	-
Net cash (used in)/from financing activities	(5,917,455)	(45,380,881)	9,230,255	11,470,095

Cash Flow Statements
For The Year Ended 31 December 2008(cont'd)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
NET CHANGES IN CASH AND CASH EQUIVALENTS	(11,493,677)	15,329,257	(2,183,998)	2,087,773
EFFECTS OF CHANGES IN EXCHANGE RATES	75,223	(22,524)	-	-
	(11,418,454)	15,306,733	(2,183,998)	2,087,773
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	48,674,178	33,509,980	3,023,654	935,881
EFFECTS OF CHANGES IN EXCHANGE RATES	633,984	(142,535)	-	-
	49,308,162	33,367,445	3,023,654	935,881
CASH AND CASH EQUIVALENTS CARRIED FORWARD	37,889,708	48,674,178	839,656	3,023,654
Represented by:				
FIXED AND TIME DEPOSITS	3,070,017	16,569,821	-	2,680,051
CASH AND BANK BALANCES	37,022,775	34,475,282	839,656	343,603
BANK OVERDRAFTS	(2,203,084)	(2,370,925)	-	-
	37,889,708	48,674,178	839,656	3,023,654

During the financial year, the Group acquired property, plant and equipment amounting to RM6,444,212 (2007 : RM8,123,775) of which RM420,000 (2007 : RM2,038,000) was financed under hire purchase and finance lease and the balance of RM6,024,212 (2007 : RM6,085,775) was paid by cash.

Notes to and forming part of the financial statements are set out on pages 45 to 109
Auditors' Report - Pages 35 and 36

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements comply with applicable approved Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Boards and the provisions of the Companies Act 1965. The significant accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following revised and amended FRSs, which are mandatory and applicable to the Group and the Company for financial periods beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net investment in Foreign Operations
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

In the opinion of the directors, the adoption of these FRSs 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.

The Group has not opted for early adoption of the following new and revised FRSs and Issues Committee Interpretations ("IC Interpretations"), which are applicable to the Group:

(i) FRS 8 Operating Segments, which is effective for financial periods beginning on or after 1 July 2009; and

(ii) FRS 7 Financial Instruments : Disclosures, FRS 139 Financial Instruments : Recognition and Measurement and IC Interpretation 10 : Interim Financial Reporting and Impairment, which are effective for financial periods beginning on or after 1 January 2010.

Measurement basis

The measurement bases applied in the preparation of the financial statements of the Group and the Company include 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 Group and 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.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

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 periods, 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:

(i) Critical judgement made in applying accounting policies

Notes 3 and 4	:	Classification between property, plant and equipment and investment properties
Note 4	:	Classification and valuation of investment properties
Note 7	:	Measurement of the recoverable amount of cash-generating units containing goodwill

(ii) Areas of estimation uncertainties

Note 9	:	Estimate made for impairment losses on value of investment in subsidiaries
Note 10	:	Estimate made for allowance for doubtful debts on amount owing by subsidiaries
Note 11	:	Estimate made for impairment losses on value of investment in associates
Note 12	:	Estimate made for allowance for diminution in value of other investments
Note 14	:	Estimate made for allowance for inventories obsolescences and inventory write down
Note 15	:	Estimate made on total development costs of a project within property development activities
Note 16	:	Estimate made on total costs to complete a contract under construction contracts
Note 17	:	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.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

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(x).

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-term 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.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

In applying the equity method of accounting, the post-acquisition results and reserves of the associates accounted for are based on audited and unaudited management financial statements made up to the end of the financial 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

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 year in which they are incurred.

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

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 included in the income statement.

(ii) Depreciation

Freehold land and capital work-in-progress are not depreciated.

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

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

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) Investment properties

Investment properties are properties which are held either to earn rentals or for capital appreciation or for both and are measured initially at cost, including transaction costs. Properties that are occupied by the Group are accounted for as owner-occupied under property, plant and equipment rather than as investment properties. 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 year 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 held 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 year in which they arise.

(i) Biological assets

Biological assets comprise initial oil palm plantation development expenditure and subsequent replanting expenditure incurred for land clearing and upkeep of trees to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop over the estimated useful life of 22 years.

(j) Leases

Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification.

All leases that do not transfer substantially all the risks and rewards are classified as operating leases, except that property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

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

Assets financed by hire purchase and finance lease arrangements which transfer substantially all the risks and rewards of ownership to the Group, 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 referred to in Note 1(g)(ii).

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 Group's incremental borrowing rates are used.

(ii) Operating leases

The Group as lessee

Lease payments under operating leases are recognised as an expense on a straight line basis over the lease term. The aggregate benefits of incentives provided by the lessors, if any, are recognised as a reduction of rental expense over the lease term on a straight line basis.

Land which normally has an indefinite economic life and held under a leasehold title to which the title is not expected to pass to the Group by the end of the lease term, is treated as an operating lease. The minimum lease payments or payments made up-front on entering into or acquiring a leasehold land are accounted as prepaid lease payments and whenever necessary, such payments are allocated between land and building elements in proportion of their fair values for leasehold interests in land element and building element of the lease at the inception of the lease.

The prepaid lease payments are amortised on a straight line basis over the lease periods of between 30 to 99 years. Any gains or losses on surrender or disposal of the leasehold land are recognised in the income statement in the financial year in which they arise.

The Group as lessor

Assets leased out under operating leases are presented on the balance sheet as investment properties. Rental income from operating leases is recognised on a straight line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are included as part of the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

(k) 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(q).

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.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(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 on properties sold are recognised as an expense in the period in which they are incurred. 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.

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

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.

(l) Other investments

Other investments 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, if any, is charged to the income statement. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is included in the income statement.

(m) 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.

(n) Construction contracts

The Group's construction contracts comprise 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.

Costs that relate directly to a contract and which are incurred in securing the contract are also included as part of contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained. 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.

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).

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(o) 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.

(p) 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 in the income statement 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.

(q) Impairment of assets

The carrying amounts of assets other than financial assets, other investments, deferred tax assets, inventories, assets arising from construction contracts and property development costs 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.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(r) 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.

(s) 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.

(t) Foreign currencies

(i) Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currencies.

(ii) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the balance sheet date are translated at foreign exchange rates ruling at that date.

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in the income statement for the year.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of transaction.

Non-monetary items which are measured at fair value denominated in foreign currencies are translated at the foreign exchange rate ruling at the date when the fair value was determined.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss of a non-monetary item is recognised in the income statement, any corresponding exchange gain or loss is recognised in income statement.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(iii) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the balance sheet date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are translated at exchange rates ruling at the date of acquisition.

Income and expense items are translated at exchange rates approximating those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are dealt with through the exchange translation reserve account within equity. On the disposal of a foreign operation, the cumulative exchange translation reserves relating to that foreign operation are recognised in the income statement as part of the gain or loss on disposal.

(u) 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

Sale of goods 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) 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.

(iii) Construction contracts

Revenue from construction contracts is recognised on the percentage of completion method where the outcome of the contracts can be reliably estimated.

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

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.

(iv) Rental income

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

(v) Sale of development properties

Property development revenue is 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.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(vi) Dividend income

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

(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.

(v) 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.

(w) 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.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(iii) 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.

(x) 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.

(y) 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.

(z) 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.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(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. Gains or losses from changes in fair value of the forward contracts offset the corresponding losses or gains on the receivables and 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 Group's overall financial risk management objectives and policies are to ensure that they creates value and maximises 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 risk 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.

(a) 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.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(b) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of transactions denominated in currencies other than their functional currencies entered into by the Group. 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.

(c) 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.

(d) 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.

(e) 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.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

Group 2008	Freehold 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	69,520,333	56,435,758	8,919,339	31,153,308	-	166,601,603
Exchange adjustments	-	241,627	143,706	(301,810)	(68,879)	-	14,644
Acquisition of a subsidiary	-	223,037	125,256	1,032,663	58,764	-	1,439,720
Additions	-	336,789	1,879,715	2,286,886	1,918,234	22,588	6,444,212
Disposals	(4,200)	(127,888)	(236,312)	(1,540,090)	(36,792)	-	(1,945,282)
Write-off	-	(2,694,902)	(118,814)	-	(1,700,471)	-	(4,514,187)
At 31 December	568,665	67,498,996	58,229,309	10,396,988	31,324,164	22,588	168,040,710
Accumulated depreciation							
At 1 January	-	13,797,080	46,791,584	5,906,746	26,212,214	-	92,707,624
Exchange adjustments	-	47,206	99,630	(170,032)	(41,101)	-	(64,297)
Acquisition of a subsidiary	-	135,606	53,821	794,833	39,891	-	1,024,151
Charge for the year	-	1,316,086	3,131,160	1,262,385	1,645,049	-	7,354,680
Disposals	-	(5,994)	(227,613)	(1,537,001)	(31,538)	-	(1,802,146)
Write-off	-	(500,926)	(96,346)	-	(1,551,803)	-	(2,149,075)
At 31 December	-	14,789,058	49,752,236	6,256,931	26,272,712	-	97,070,937
Net carrying amount At 31 December	568,665	52,709,938	8,477,073	4,140,057	5,051,452	22,588	70,969,773

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

Group 2007	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fixtures and equipment RM	Total RM
At cost						
At 1 January	572,865	68,840,225	55,367,195	8,423,930	31,962,960	165,167,175
Exchange adjustments	-	(325,177)	(243,168)	42,458	23,111	(502,776)
Additions	-	1,067,475	4,181,737	1,106,019	1,768,544	8,123,775
Disposals	-	-	(2,883,413)	(611,068)	(179,032)	(3,673,513)
Write-off	-	(62,190)	(184,298)	(42,000)	(2,224,570)	(2,513,058)
Reclassifications	-	-	197,705	-	(197,705)	-
At 31 December	572,865	69,520,333	56,435,758	8,919,339	31,153,308	166,601,603
Accumulated depreciation						
At 1 January	-	12,555,686	46,116,123	5,482,914	26,430,394	90,585,117
Exchange adjustments	-	(46,529)	(106,280)	25,121	35,879	(91,809)
Charge for the year	-	1,307,553	3,584,975	1,049,673	2,125,653	8,067,854
Disposals	-	-	(2,628,000)	(608,963)	(166,255)	(3,403,218)
Write-off	-	(19,630)	(180,235)	(41,999)	(2,208,456)	(2,450,320)
Reclassifications	-	-	5,001	-	(5,001)	-
At 31 December	-	13,797,080	46,791,584	5,906,746	26,212,214	92,707,624
Net carrying amount At 31 December	572,865	55,723,253	9,644,174	3,012,593	4,941,094	73,893,979

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

	Group 2008 RM	 2007 RM
At net carrying amount		
Freehold land	442,172	446,372
Buildings	36,468,982	37,252,279
Plant and machinery	350,951	33,917
Motor vehicles	935,609	96,933
Furniture, fixtures and equipment	554,992	373,554
	38,752,706	38,203,055

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

The property, plant and equipment of the Group acquired under hire purchase and finance lease are as follows:

	Group	
	2008	**2007**
	RM	**RM**
At net carrying amount		
Plant and machinery	2,001,320	2,306,163
Motor vehicles	2,537,076	1,944,281
Furniture, fixtures and equipment	-	146,418
	4,538,396	4,396,862

4. INVESTMENT PROPERTIES

	Group	
	2008	**2007**
	RM	**RM**
At 1 January	58,600,000	55,064,272
Additions	-	3,697,884
Disposals	(1,978,758)	-
Fair value adjustment	3,296,758	(162,156)
At 31 December	59,918,000	58,600,000
Investment properties comprise:		
Freehold land and buildings	42,666,000	42,200,000
Long term leasehold land and buildings	17,252,000	16,400,000
	59,918,000	58,600,000

The fair values of the investment properties at the end of the financial year, are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experiences in the locations and category of properties being valued.

The Group determines whether a property qualifies as an investment property, and has developed certain criteria based on FRS 140 in making that judgement.

In making its judgement, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property, but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately.

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production and supply of goods and services or for administrative purposes.

Judgement is also made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

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

	2008 RM	2007 RM
At net carrying amount		
Freehold land and buildings	34,530,000	34,000,000
Long term leasehold land and buildings	13,800,000	11,518,000
	48,330,000	45,518,000

5. BIOLOGICAL ASSETS

	Group 2008 RM	 2007 RM
Cost		
At 1 January	-	-
Acquisition of a subsidiary	12,000,000	-
Disposal	-	-
At 31 December	12,000,000	-
Accumulated depreciation		
At 1 January	-	-
Amortisation for the year	460,571	-
At 31 December	460,571	-
Net carrying amount At 31 December	11,539,429	-

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

6. PREPAID LEASE PAYMENTS

Group	Long term leasehold land RM	Short term leasehold land RM	Total RM
2008			
Cost			
At 1 January	22,157,216	5,809,627	27,966,843
Acquisition of subsidiaries	28,000,000	-	28,000,000
At 31 December	50,157,216	5,809,627	55,966,843
Accumulated amortisation			
At 1 January	3,214,009	1,019,895	4,233,904
Charge for the year	260,632	454,005	714,637
At 31 December	3,474,641	1,473,900	4,948,541
Net carrying amount			
At 31 December	46,682,575	4,335,727	51,018,302
2007			
Cost			
At 1 January	23,513,992	3,428,282	26,942,274
Additions	1,183,516	-	1,183,516
Disposals	(158,947)	-	(158,947)
Reclassification	(2,381,345)	2,381,345	-
At 31 December	22,157,216	5,809,627	27,966,843
Accumulated amortisation			
At 1 January	3,600,908	305,820	3,906,728
Charge for the year	217,716	133,944	351,660
Disposals	(24,484)	-	(24,484)
Reclassification	(580,131)	580,131	-
At 31 December	3,214,009	1,019,895	4,233,904
Net carrying amount			
At 31 December	18,943,207	4,789,732	23,732,939

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

The long term leasehold land of a subsidiary with a net carrying amount of RM15,788,434 (2007 : RM15,981,172) 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 leasehold land which are pledged as securities for banking and other credit facilities granted to the Group are as follows:

	2008 RM	2007 RM
At net carrying amount		
Long term leasehold land	17,473,574	18,830,382
Short term leasehold land	581,907	1,347,816
	18,055,481	20,178,198

7. INTANGIBLE ASSETS

	Group	
	2008 RM	2007 RM
Goodwill		
Cost		
At 1 January	22,347,494	22,347,494
Acquisition of subsidiaries	6,488,716	-
Increase in effective interests in a subsidiary	1,272,346	-
At 31 December	30,108,556	22,347,494
Accumulated impairment losses		
At 1 January	5,869,320	3,563,212
Impairment loss recognised	3,115,516	2,306,108
At 31 December	8,984,836	5,869,320
Net carrying amount At 31 December	21,123,720	16,478,174

(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, plantation and other operating divisions at which the goodwill is monitored. Full impairment loss is made on goodwill of any CGU which is expected to make losses and where the future potential revival of such unit is uncertain.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(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	: 5% - 10%
Growth rate	: 1% - 2%
Discount rate	: 5% - 12%

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 value assigned to 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 taking into account the existing resources available, especially for the properties division, specific attention is given on the availability of land banks and potential property development activities into which the related CGUs will be venturing into.

(iii) Discount rate

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

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, the management believes that no reasonable possible changes in any of the above key assumptions above would cause the carrying values of respective CGUs to materially exceed their recoverable values.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

8. LAND HELD FOR PROPERTY DEVELOPMENT

Group	2008 Freehold land RM	2008 Leasehold land RM	2008 Total RM	2007 Freehold land RM	2007 Leasehold land RM	2007 Total RM
Land at cost						
At 1 January	16,089,857	2,956,168	19,046,025	7,592,951	2,362,081	9,955,032
Additions	8,003,324	-	8,003,324	8,496,906	-	8,496,906
Disposal	-	-	-	-	-	-
Transfer from property development costs (Note 15)	-	-	-	-	594,087	594,087
At 31 December	24,093,181	2,956,168	27,049,349	16,089,857	2,956,168	19,046,025
Development costs						
At 1 January	2,016,422	7,027,449	9,043,871	1,821,519	5,568,514	7,390,033
Additions	329,518	-	329,518	194,903	-	194,903
Transfer from/(to) property development costs (Note 15)	-	(145,855)	(145,855)	-	1,458,935	1,458,935
At 31 December	2,345,940	6,881,594	9,227,534	2,016,422	7,027,449	9,043,871
	26,439,121	9,837,762	36,276,883	18,106,279	9,983,617	28,089,896

9. INVESTMENT IN SUBSIDIARIES

	Company 2008 RM	Company 2007 RM
Unquoted shares, at cost	269,822,453	197,501,667
Less:		
Impairment losses	25,949,998	6,750,000
	243,872,455	190,751,667

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

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

	Gross equity interest 2008 %	2007 %	Principal activities
Subsidiaries of the Company			
Alam Perdana Sdn Bhd	100	100	Inactive
Alu-Paste & Pigments Sdn Bhd	90	90	Investment holding
Bay Potential Sdn Bhd	70	70	Inactive
Davex Holdings Berhad	100	98	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 Advanced Structure Sdn Bhd	90	90	Building construction
MWE Golf & Country Club Berhad	100	100	Management of a golf course and clubhouse and the provision of landscaping services
MWE Optical Holdings Sdn Bhd	55	55	Investment holding
MWE Properties Sdn Bhd	100	100	Property investment and development, contracting and management agency services
MWE Spinning Mills Sdn Bhd	100	100	Investment holding
MWE Weaving Mills Sdn Bhd	100	100	Inactive
United Sweethearts Garment Sdn Bhd	100	100	Manufacturing and sale of garments
Fauzi-Lim Plantation Sdn Bhd	100	-	Manage and operate oil palm plantation
Etika Gangsa Sdn Bhd	100	-	Dormant
Taka Worldwide Trading Sdn Bhd	100	-	Dormant
Subsidiary of Alu-Paste & Pigments Sdn Bhd			
Quasar Industrial Vehicles Sdn Bhd	53	53	Assembling and distributing of trucks

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

	Gross equity interest 2008 %	2007 %	Principal activities
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	68	Design, manufacturing and distribution of telecommunication products
* Phili-Orient Lines (Penang) Sdn Bhd	69	61	Provision of sea freight forwarding services
* Round and Round Pte Ltd (incorporated in the Republic of Singapore)	51	51	Importing and exporting of electronic power conversion products
Subsidiaries of Davex (Malaysia) Sdn Bhd			
* Davex Australia Pty 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
* Specific Form Sdn Bhd @ (under members' voluntary winding up)	-	100	Investment holding
Subsidiary of Specific Form Sdn Bhd			
* Realistic Returns Sdn Bhd @ (under members' voluntary winding up)	-	100	Dormant
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

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

	Gross equity interest 2008 %	2007 %	Principal activities
Subsidiary of Phili-Orient Airfreight (Penang) Sdn Bhd			
* Phili-Orient Airfreight (Malaysia) Sdn Bhd	100	100	Provision of air and sea freight forwarding 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
Subsidiary of MWE Advanced Structure Sdn Bhd			
MWE Cedar Homes Sdn Bhd	70	70	Inactive
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			
Jurangjaya Sdn Bhd	60	60	Property development and property management
Melati Mewah Sdn Bhd	100	100	Property investment and development
Metra PMC Sdn Bhd	100	100	Provision of property management services
MWE Development Sdn Bhd	70	70	Property development
MWE Macadam Sdn Bhd	51	51	Building construction
MWE Precast Concrete Sdn Bhd	100	100	Inactive
MWE Tiravest Sdn Bhd	60	60	Property development
Prime Achiever Sdn Bhd	100	90	Rental of properties

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

	Gross equity interest 2008 %	2007 %	Principal activities
Subsidiary of Jurangjaya Sdn Bhd			
Lup Ching Holdings Sdn Bhd	100	100	Property development
Subsidiary of Melati Mewah Sdn Bhd			
Melati Mewah Property Services Sdn Bhd	100	100	Provision of property management services
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 (Vietnam) Co Ltd (incorporated in Vietnam)	100	100	Production of garment products for export
Subsidiary of United Sweethearts Garment Sdn Bhd			
USJ Embroidery Sdn Bhd	100	100	Dormant

* Subsidiaries not audited by Moores Rowland or its associates.

@ These subsidiaries were placed under members' voluntary winding up in December 2008, pursuant to Section 254(1) of the Companies Act 1965. The winding up is part of the Group's continuing rationalisation efforts to wind-up dormant and inactive subsidiaries.

At 31 December 2008, impairment losses on value of investment in certain subsidiaries were made based on their net tangible asset value at 31 December 2008. After analysing the past performance of these subsidiaries, the management considered the value of investment in these subsidiaries was not expected to be recoverable in the near future.

(a) Impairment test for investment in subsidiaries in the Company's financial statements

The management reviews the carrying amount of the investment in subsidiaries at each balance sheet date to determine whether there is any indication of impairment. The management's assessment on whether there is an indication is based on external and internal sources of information as well as based on indicative values (value-in-use) calculations. If such indication exists, the recoverable amount of the investment is estimated to determine the impairment loss on the value of such investment.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

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

The recoverable amount is determined based on value-in-use calculations using the approved cash flow projections by the management. The following describes the key assumptions on which management has based its cash flow projections to undertake impairment tests:

(i) Budgeted revenue

The growth rate used is the average growth rate for the last 2 years

(ii) Budgeted expenses

Expenses are budgeted to grow at the inflation rate

(iii) Discount rates

The discount rates used are between 7% and 14%

Management believes that no reasonable possible changes in any of the key assumptions above would cause the carrying values of the investment in subsidiaries to exceed their recoverable amounts.

10. AMOUNT OWING BY/TO SUBSIDIARIES

	Company	
	2008 RM	2007 RM
Amount owing by subsidiaries	174,171,118	206,653,427
Less: Allowance for doubtful debts	17,350,000	-
	156,821,118	206,653,427
Amount owing to subsidiaries	118,978,347	105,748,773

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

Included in the amount owing by subsidiaries is an amount of RM150,682,305 (2007 : RM201,710,649) earning effective interest rates of between 0.5% and 7.68% (2007 : 0.4% and 7.46%) per annum and the balance is interest free.

The management analyses and estimate the allowance for doubtful debts on amount owing by subsidiaries 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 management, 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.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

11. INVESTMENT IN ASSOCIATES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unquoted shares, at cost	21,360,266	20,210,143	16,747,096	16,747,096
Less: Impairment losses	-	-	16,747,095	16,747,095
	21,360,266	20,210,143	1	1
Group's share of post-acquisition reserves and results	6,769,159	5,757,802	-	-
	28,129,425	25,967,945	1	1

Represented by:

	Group	
	2008 RM	2007 RM
Attributable share of net assets of associates	28,129,425	25,967,945

The share of loss in certain associates has 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	
	2008 RM	2007 RM
Share of (loss)/profit not recognised		
- in the current year	(19,809)	51,908
- cumulatively	(4,164,400)	(4,231,198)

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

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

	Gross equity interest 2008 %	2007 %	Principal activities
Associate of the Company			
Premier Capital Holdings Sdn Bhd	30	30	Investment holding
Associates of Davex Holdings Berhad			
PI International Holdings Ltd (incorporated in British Virgin Islands)	44	44	Investment holding
Advanced Mobile Services & Solutions Sdn Bhd	36	36	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
Weld Quay Development Sdn Bhd	50	-	Property development and investment holding
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	Inactive

The dates of the audited financial statements of the associates used for the purpose of applying the equity method of accounting are coterminous with that of the Group except for the financial year end of Premier Capital Holdings Sdn Bhd which is 31 March.

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 management reviews the carrying amount of the investment in associates at each balance sheet date to determine whether there is any indication of impairment. The management's assessment on whether there is an indication is based on external as well as internal sources of information. If such indication exists, the recoverable amount of the investment is estimated to determine the impairment loss on the value of such investment.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

The summarised financial information of the associates at 31 December 2008 are as follows:

	Group 2008 RM	Group 2007 RM
Assets and liabilities		
Non-current assets	25,243,408	29,355,572
Current assets	109,705,017	119,753,409
Total assets	134,948,425	149,108,981
Non-current liabilities	1,834,602	238,068
Current liabilities	114,750,452	133,097,880
Total liabilities	116,585,054	133,335,948
Results		
Revenue	337,622,680	244,135,782
Profit for the year	233,289	6,800,803

12. OTHER INVESTMENTS

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Shares quoted in Malaysia, at cost	15,144,048	15,144,048	15,144,048	15,144,048
Less: Allowance for diminution in value	(1,770,669)	-	(1,770,669)	-
	13,373,379	15,144,048	13,373,379	15,144,048
Shares quoted outside Malaysia, at cost	8,105	8,105	8,105	8,105
Unquoted shares, at cost	34,590,509	37,600,164	15,203,920	15,203,920
Less: Allowance for diminution in value	26,012,928	27,900,255	15,203,917	15,203,917
	8,577,581	9,699,909	3	3
Membership in a golf and country club, at cost	297,012	283,148	-	-
Less: Allowance for diminution in value	178,112	169,798	-	-
	118,900	113,350	-	-
	22,077,965	24,965,412	13,381,487	15,152,156

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Market value				
- shares quoted in Malaysia	13,650,408	34,423,669	13,650,408	34,423,669
- shares quoted outside Malaysia	53,754	88,323	53,754	88,323
	13,704,162	34,511,992	13,704,162	34,511,992

The directors review the carrying amounts of other investments at each balance sheet date to determine whether there is any indication of diminution in value other than temporary. The directors' assessment on whether there is an indication is mainly based on the latest available financial statements of these investee companies. If such indication exists, the recoverable amounts of these investments are estimated based on the sources of information available to directors to determine the allowance for diminution in value of these investments.

13. DEFERRED TAX ASSETS

	Group	
	2008 RM	2007 RM
At 1 January	594,310	581,834
Exchange adjustment	(131,777)	25,276
Transfer from/(to) income statement	144,605	(12,800)
At 31 December	607,138	594,310

The deferred tax assets represent deductible temporary differences between net carrying amount and tax written down value of property, plant and equipment.

At 31 December 2008, 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	
	2008 RM	2007 RM
Deductible temporary differences on		
- Unused tax losses	52,265,209	47,914,412
- Unabsorbed capital allowances	11,451,881	13,466,744
- Other taxable temporary differences	11,442,229	4,963,654
	75,159,319	66,344,810
Less:		
Taxable temporary differences between net carrying amount and tax written down value of property, plant and equipment	2,353,068	4,143,045
	72,806,251	62,201,765

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

14. INVENTORIES

	Group 2008 RM	Group 2007 RM
Finished goods	18,845,531	17,280,634
Raw materials	21,685,719	18,905,874
Work-in-progress	12,953,135	9,358,684
Consumable stores and spares	9,371,634	7,703,044
Commercial trucks held for sale	3,349,453	4,287,563
Inventories of completed development units	2,151,051	2,178,440
	68,356,523	59,714,239

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of committed sales prices.

Inventories are reviewed on a regular basis and the Group will write-down excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories which are specifically affected by such factors, and additional write-down for slow moving inventories may be required.

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

	Group 2008 RM	Group 2007 RM
Finished goods	12,545,466	15,073,141
Consumable stores and spares	9,257,368	7,703,044
Commercial trucks held for sale	3,349,453	4,287,563
Raw materials	300,010	-
	25,452,297	27,063,748

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

15. PROPERTY DEVELOPMENT COSTS

	Group 2008 RM	Group 2007 RM
At 1 January		
Leasehold land, at cost	16,443,832	15,897,919
Development costs	73,845,630	74,722,527
	90,289,462	90,620,446
Add:		
Development costs incurred	3,325,566	582,038
Leasehold land purchased	-	1,140,000
Transfer (to)/from land held for property development (Note 8)		
- leasehold land	-	(594,087)
- development costs	145,855	(1,458,935)
	93,760,883	90,289,462
Less:		
Costs recognised as an expense in the income statement		
- Recognised in previous financial years	88,423,552	69,215,495
- Recognised during the year	2,874,288	19,208,057
	91,297,840	88,423,552
At 31 December	2,463,043	1,865,910

The Group recognises property development activities based on the percentage of completion method. The stage of completion of the property development activities is determined by the proportion of the actual development costs incurred to-date bear to estimated total costs.

Significant judgement is required in estimating the total costs of a development project and subsequent revision to such costs to complete the project, as well as to determine the extent of the development project and the recoverability of the development project. In making these judgements, management relies on past experience and the work of industry specialists.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

16. GROSS AMOUNT DUE FROM/TO CUSTOMERS

	Group 2008 RM	Group 2007 RM
Cost of contracts	224,153,367	204,977,226
Attributable (loss)/profits recognised to-date	(1,010,178)	7,986,351
	223,143,189	212,963,577
Less:		
Progress billings to-date	220,179,225	203,335,011
	2,963,964	9,628,566
Represented by:		
Gross amount due from customers	7,713,536	13,963,155
Gross amount due to customers	(4,749,572)	(4,334,589)
	2,963,964	9,628,566
Retention sums receivable from customers included in trade receivables (Note 17)	8,935,636	8,290,914

The Group recognises construction contracts based on the percentage of completion method. The stage of completion of the construction contracts is determined by the proportion that actual contract costs incurred on work performed to date bear to the estimated total costs.

Significant judgement is required in estimating the total costs of a contract and subsequent revisions to such costs to complete the contract, as well as to determine the extent of the development project and the recoverability of the contract. In making these estimates, management relies on past experience and the work of industry specialists.

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Gross trade receivables	84,755,395	101,033,347	-	-
Less:				
Allowance for doubtful debts	8,949,429	7,548,966	-	-
	75,805,966	93,484,381	-	-
Gross other receivables	15,423,911	11,584,887	-	-
Less:				
Allowance for doubtful debts	5,212,295	2,075,943	-	-
	10,211,616	9,508,944	-	-
Deposits	2,933,476	5,188,644	4,500	3,725,698
Prepayments	2,023,280	1,495,813	-	-
	90,974,338	109,677,782	4,500	3,725,698

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

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.

Included in deposits of the Group and of the Company in the previous financial year was an amount of RM3,420,006, which represented the downpayment made for the acquisition of equity interest in an unquoted company. The acquisition was completed during the financial year.

The collectibility of receivables is assessed on an ongoing basis. An allowance for doubtful debts is made for any receivables considered to be doubtful of collection.

The allowance for doubtful debts is made based on a review of all outstanding amounts as at the balance sheet date. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial condition of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

18. AMOUNT OWING BY/TO ASSOCIATES

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

19. FIXED AND TIME DEPOSITS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Fixed deposits placed with				
- Licensed banks in Malaysia	1,020,627	6,855,665	-	-
- Foreign banks	1,307,900	3,228,714	-	-
	2,328,527	10,084,379	-	-
Time deposits placed with licensed banks in Malaysia	2,675,740	7,090,051	-	2,680,051
	5,004,267	17,174,430	-	2,680,051

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

The effective interest rates of the deposits are as follows:

	Group		Company	
	2008	2007	2008	2007
	%	%	%	%
Fixed deposits placed with				
- Licensed banks in Malaysia	3.00 - 3.70	2.90 to 4.00	-	-
- Foreign banks	4.00	2.13 to 4.65	-	-
Time deposits placed with licensed banks in Malaysia	2.00 - 3.00	2.95 to 3.60	-	3.43 to 3.48

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 RM1,934,250 (2007 : RM604,609) 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 the following trust accounts for specific purposes:

- amounts of RM54,077 (2007 : RM555,199) 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.

- amounts of RM101,713 (2007 : RM621,601) placed in Building Maintenance Account pursuant to Part IV, Section 16 of the Building and Common Property (Maintenance and Management) Act 2007 (Act 663) and Schedule III, Clause 5 of the Deed of Covenant entered into between two subsidiaries (Developers) and the Purchasers.

20. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are the following monies for specific purposes:

- amounts of RM2,738,344 (2007 : RM188,724) maintained in a housing development accounts by certain subsidiaries in accordance with Part III, Section 7A of the Housing Development (Control and Licensing) Act 1966 (Act 118) & Regulations.

- amounts of RM10,732 (2007 : RM85,190) placed in Building Maintenance Account pursuant to Part IV, Section 16 of the Building and Common Property (Maintenance and Management) Act 2007 (Act 663) and Schedule III, Clause 5 of the Deed of Covenants entered into between two subsidiaries (Developers) and the purchasers.

- amounts of RM2,459 (2007 : RM14,861) 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.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

21. SHARE CAPITAL

	2008 RM	2007 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

22. RESERVES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable				
Share premium account	23,586,099	23,586,099	23,586,099	23,586,099
Exchange translation reserve	3,698,395	5,353,021	-	-
Capital reserve	1,154,156	754,156	-	-
	28,438,650	29,693,276	23,586,099	23,586,099
Distributable				
Unappropriated profit	56,225,244	53,951,379	4,666,107	35,218,050
	84,663,894	83,644,655	28,252,206	58,804,149

23. TREASURY SHARES

	2008 RM	2007 RM
At 1 January	234,841	234,841
Shares purchased during the year	-	-
At 31 December	234,841	234,841

The Company repurchased 355,000 ordinary shares in the year 2005 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 2008, the number of treasury shares held is 355,000 (2007 : 355,000) ordinary shares.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

24. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2008 RM	2007 RM
Outstanding hire purchase instalments and finance lease rentals due:		
- Not later than one year	1,338,467	1,379,760
- Later than one year and not later than five years	1,938,897	2,556,666
- Later than five years	27,937	53,265
	3,305,301	3,989,691
Less:		
Unexpired term charges	291,699	436,473
Outstanding principal amount due	3,013,602	3,553,218
Less:		
Outstanding principal amount due not later than one year (included in current liabilities)	1,180,625	1,172,522
Outstanding principal amount due later than one year	1,832,977	2,380,696

The effective interest rates of the hire purchase and finance lease liabilities are between 2.29% and 8.12% (2007 : 2.30% and 8.12%) per annum.

25. BANK TERM LOANS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Bank term loans, secured	12,396,152	19,981,169	11,846,408	19,346,408
Less:				
Repayments due within 12 months (included in Note 29)	7,591,323	7,580,398	7,500,000	7,500,000
Repayments due after 12 months	4,804,829	12,400,771	4,346,408	11,846,408

The bank term loans of the subsidiaries bear effective interest rates of between 3.75% and 8.75% (2007 : 3.75% and 6.95%) per annum. They are secured by freehold and leasehold properties as well as fixed and floating charges over the assets of these subsidiaries.

The bank term loans of the Company bear effective interest rates of between 5.15% and 5.20% (2007 : 5.15% and 5.69%) 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 2007.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

26. DEFERRED TAX LIABILITIES

	Group	
	2008 RM	2007 RM
At 1 January	6,003,025	7,676,662
Exchange adjustment	3,857	(613)
Acquisition of a subsidiary	422,080	-
Transfer to income statement	(4,097,460)	(1,673,024)
At 31 December	2,331,502	6,003,025
The deferred tax liabilities comprise:		
Deferred tax liabilities on taxable temporary differences		
- between net carrying amount and tax written down value of property, plant and equipment	3,620,917	5,376,863
- relating to fair value adjustment on leasehold land allocated for property development	943,761	987,908
- on other taxable temporary differences	74,466	431,654
	4,639,144	6,796,425
Less:		
Deferred tax assets recognised on deductible temporary differences relating to		
- unused tax losses and unabsorbed capital allowances	2,088,015	188,000
- other temporary differences	219,627	605,400
	2,307,642	793,400
	2,331,502	6,003,025

27. 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.

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade payables	43,916,489	33,864,286	-	-
Progress billings	2,501,537	-	-	-
Other payables	15,174,404	13,522,634	5,316,079	6,316,079
Deposits	3,115,528	3,245,926	-	-
Accruals	25,872,928	22,743,858	414,610	266,371
Sinking fund	-	367,557	-	-
	90,580,886	73,744,261	5,730,689	6,582,450

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

Trade payables comprise amounts outstanding from trade purchases, sub-contractors claims on contract works performed and retention sums payable. Progress billings represent 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 normally 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 RM5,250,000 (2007 : RM6,250,000) 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.

29. BANK BORROWINGS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Bankers' acceptance and trust receipts				
- secured	3,376,000	3,883,000	-	-
- unsecured	14,520,680	14,743,345	-	-
	17,896,680	18,626,345	-	-
Bank overdrafts				
- secured	1,533,704	1,976,432	-	-
- unsecured	669,380	394,493	-	-
	2,203,084	2,370,925	-	-
Revolving credit				
- secured	21,171,000	-	19,500,000	-
- unsecured	1,300,000	1,300,000	-	-
	22,471,000	1,300,000	19,500,000	-
Current portion of bank term loans (Note 25)	7,591,323	7,580,398	7,500,000	7,500,000
	50,162,087	29,877,668	27,000,000	7,500,000

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

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

	Group		Company	
	2008	2007	2008	2007
	%	%	%	%
Bankers' acceptance and trust receipts	3.20 to 7.50	3.69 to 9.46	-	-
Bank overdrafts	3.20 to 10.95	5.15 to 15.25	-	-
Revolving credit	5.15 to 7.51	5.65 to 5.79	5.15 to 5.73	-

The bank borrowings of the Company for the year are secured by 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.

30. GROSS REVENUE

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Sale of goods	379,971,131	318,263,072	-	-
Services rendered	47,834,283	59,628,636	-	-
Contract revenue	27,652,716	59,991,215	-	-
Rental income from				
- investment properties	4,342,109	4,460,660	-	-
- others	38,670	146,093	-	-
Revenue from sale of development properties	3,337,393	29,307,234	-	-
Dividend income	1,389,327	656,774	25,434,639	15,489,927
	464,565,629	472,453,684	25,434,639	15,489,927

31. COST OF SALES

	Group	
	2008	2007
	RM	RM
Cost of goods sold	289,830,426	243,577,548
Cost of services rendered	43,147,723	52,557,405
Contract costs	33,545,862	63,779,911
Direct operating costs relating to rental income of investment properties	2,282,868	2,450,287
Cost of development properties sold	2,874,288	19,208,057
	371,681,167	381,573,208

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

32. PROFIT FROM OPERATIONS

Profit from operations is stated after charging:

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Allowance for doubtful debts	4,485,922	3,175,484	17,350,000	-
Amortisation of biological assets	460,571	-	-	-
Amortisation of prepaid lease payments	714,637	337,982	-	-
Auditors' remuneration				
- current year	389,453	416,333	35,000	35,000
- (over)/underestimated in prior year	(1,060)	(18,811)	2,000	8,000
Bad debts written off	127,794	176,431	11,777	12,122
Depreciation	7,354,680	7,786,275	-	-
Directors' remuneration				
- Directors of the Company				
- fees	319,750	240,000	238,750	120,000
- defined contribution plans	150,300	122,298	-	-
- other emoluments	1,705,776	1,308,070	27,500	28,500
- Directors of the subsidiaries				
- fees				
- current year	386,825	336,000	-	-
- overestimated in prior year	(320,000)	(150,000)	-	-
- defined contribution plans	261,836	285,698	-	-
- other emoluments	4,043,618	3,811,325	-	-
Impairment loss on goodwill	3,115,516	2,306,108	-	-
Inventories write-down	570,645	1,549,898	-	-
Loss on foreign exchange				
- realised	2,082,451	157,582	-	-
- unrealised	14,113	1,002,760	-	-
Operating leases				
- rental of equipment	51,927	50,505	-	-
- rental of land	2,339,099	76,254	-	-
- rental of machinery	1,395,749	2,130,135	-	-
- rental of premises	2,806,738	2,835,825	-	-
- rental of vehicles	99,015	55,433	-	-
Pre-operating expenses written off	-	1,750	-	-
Property, plant and equipment written off	2,365,112	62,737	-	-

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
and crediting:				
Allowance for doubtful debts written back	727,548	193,099	-	-
Bad debts recovered	124,644	95,510	-	-
Deposits forfeited	-	98,333	-	-
Gain on disposal of prepaid lease payments	-	506,251	-	-
Gain on disposal of property, plant and equipment	944,075	359,388	-	-
Gain on foreign exchange				
- realised	288,337	121,074	-	-
- unrealised	775,331	265,887	-	-
Gross dividend income from				
- subsidiaries	-	-	24,045,312	14,833,153
- investments quoted in Malaysia	1,386,372	654,144	1,386,372	654,144
- investments quoted outside Malaysia	2,955	2,630	2,955	2,630
Interest income from				
- subsidiaries	-	-	2,506,297	2,678,343
- others	1,015,838	1,138,486	85,433	249,432
Rental income from				
- investment properties	4,342,109	4,460,660	-	-
- others	1,287,573	747,943	-	-
Realised exchange translation reserve	2,342,774	-	-	-
Reversals of inventories write-down	1,549,898	-	-	-

33. FINANCE COSTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Finance costs comprise:				
- interest expenses on bank borrowings	3,695,105	3,654,781	2,048,366	1,958,428
- hire purchase and finance lease term charges	331,132	286,425	-	-
- interest charged by subsidiaries	-	-	-	110,134
- other interest expenses	34,941	3,271	-	-
	4,061,178	3,944,477	2,048,366	2,068,562
Less:				
Interest expenses on bank borrowings classified in cost of sales	77,913	109,463	-	-
	3,983,265	3,835,014	2,048,366	2,068,562

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

34. NET (LOSS)/GAIN FROM INVESTMENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Discount on acquisition of subsidiaries	372,583	-	-	-
Gain/(Loss) on disposal of				
- investment properties	431,242	-	-	-
- investment in an associate	(3,395)	-	-	-
- quoted investments	-	17,220,982	-	12,056,600
- unquoted investments	355,154	-	-	-
Gain arising from dilution of equity interest in a subsidiary	-	451,856	-	-
Impairment losses on value of investment in subsidiaries	-	-	(19,199,998)	(6,750,000)
Allowance for diminution in value of other investments				
- quoted investment	(1,770,669)	-	(1,770,669)	-
- unquoted investments	(122,325)	(1,048,500)	-	-
- club membership	-	(13,525)	-	-
Allowance for diminution in value of other investments written back				
- quoted investments	-	4,938,317	-	-
	(737,410)	21,549,130	(20,970,667)	5,306,600

35. TAX EXPENSE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax expense				
Malaysian				
- current year	5,937,488	5,712,676	822,000	2,730,000
- (over)/underestimated in prior years	(511,317)	691,403	30,252	738,059
	5,426,171	6,404,079	852,252	3,468,059
Overseas				
- current year	2,898,709	1,398,732	-	-
- under/(over)estimated in prior years	932	(12,339)	-	-
	8,325,812	7,790,472	852,252	3,468,059
Deferred tax income relating to the origination and reversal of temporary differences during the year	(4,542,193)	(1,571,508)	-	-
Deferred tax expense under/(over)estimated in prior years	300,128	(88,716)	-	-
	(4,242,065)	(1,660,224)	-	-
	4,083,747	6,130,248	852,252	3,468,059

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Accounting profit/(loss) (excluding share of results of associates)	25,258,173	46,522,805	(13,700,373)	20,283,186
Tax at the applicable tax rate of 26% (2007 : 27%)	6,567,125	12,561,157	(3,562,097)	5,476,460
Add:				
Tax effect of expenses that are not deductible in determining taxable profit	4,089,608	2,371,425	10,063,062	1,950,081
Deferred tax assets arising from unused tax losses and unabsorbed capital allowance	3,130,144	1,294,901	-	-
	13,786,877	16,227,483	6,500,965	7,426,541
Less:				
Tax effect of income not taxable in determining taxable profit	2,187,573	6,639,833	5,678,965	4,696,541
Tax effect on utilisation of deductible temporary differences not previously recognised	5,747,484	2,974,883	-	-
Tax effect of differences in tax rates	1,557,816	1,072,867	-	-
	4,294,004	5,539,900	822,000	2,730,000
Add/(Less):				
Current tax expense (over)/underestimated in prior years	(510,385)	679,064	30,252	738,059
Deferred tax expense under/(over)estimated in prior years	300,128	(88,716)	-	-
Tax expense for the year	4,083,747	6,130,248	852,252	3,468,059

Based on the prevailing tax rate of 25% applicable to dividends in the year of assessment 2009, approximately RM278,000 out of the unappropriated profit of the Company at year end (2007 : RM16,994,000) is covered by estimated tax credits available under Section 108 of the income Tax Act 1967 for distribution of dividends. The Company also has approximately RM16,245,000 (2007 : RM12,474,000) in the tax exempt income accounts available for distribution of tax exempt dividends.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

36. DISCONTINUED OPERATIONS

The Group had discontinued the operations of the following subsidiaries as these subsidiaries continued incurring losses due to low profit margins:

(a) MWE Textile Industries Sdn Bhd

The exercise to discontinue the dyed knitted fabrics operation of this subsidiary was completed in December 2008.

(b) MWE Spinning Mills Sdn Bhd

The discontinuation of the operation of manufacturing and sale of yarn of this subsidiary was undertaken in year 2005 and was completed in year 2007.

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

(i) Revenue and results

	Group	
	2008 RM	**2007 RM**
Gross revenue	-	9,863,798
Cost of sales	-	(9,459,845)
Gross profit	-	403,953
Other operating income	-	76,474
Selling and distribution costs	(29,690)	(238,045)
Administrative expenses	-	(236,081)
(Loss)/ Profit from operations	(29,690)	6,301
Finance costs	(2,801)	(76,541)
Loss before tax	(32,491)	(70,240)
Tax expense	-	-
Net loss for the year	(32,491)	(70,240)
(Loss)/ Profit from operations is stated after charging:		
Allowance for doubtful debts	-	56,000
Depreciation	-	281,579
Realised loss on foreign exchange	-	1,780
Property, plant and equipment written off	-	1
Operating leases		
- rental of premises	-	15,980
Amortisation of prepaid lease payments	-	13,678
and crediting:		
Gain on disposal of property, plant and equipment	-	74,796
Allowance for doubtful debts written back	55,712	1,678

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(ii) Net cash flows

	Group 2008 RM	Group 2007 RM
Cash flows from operating activities		
Loss before tax	(32,491)	(70,240)
Adjustments for:		
Depreciation	-	281,579
Gain on disposal of property, plant and equipment	-	(74,796)
Property, plant and equipment written off	-	1
Amortisation of prepaid lease payments	-	13,678
Allowance for doubtful debts	-	56,000
Allowance for doubtful debts written back	(55,712)	(1,678)
Interest expenses	2,801	76,541
Operating (loss)/profit before working capital changes	(85,402)	281,085
Changes in inventories	-	3,250,123
Change in receivables	1,359,452	241,611
Changes in payables	-	(331,360)
Changes in trade line borrowings	-	(1,888,533)
Cash generated from operations	1,274,050	1,552,926
Interest paid	(2,801)	(76,541)
Net cash from operating activities	1,271,249	1,476,385
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(165,697)
Proceeds from disposal of property, plant and equipment	-	74,800
Net cash used in investing activities	-	(90,897)

(iii) Net asset

The net asset of the discontinued operations at the end of the previous financial year was represented by trade receivables amounted to RM1,303,740.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

37. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share have been calculated based on the consolidated net profit for the year of RM18,916,194 (2007 : RM41,343,520) attributable to equity holders of the Company and on 231,204,015 (2007 : 231,204,015) ordinary shares in issue during the year after deducting treasury shares calculated as follows:

	2008	2007
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

38. DIVIDENDS PAID

	Company	
	2008 RM	2007 RM
Recognised as distribution to equity holders during the year:		
Interim dividend of 1% tax exempt for the financial year ended 31 December 2007 (2007 : Interim dividend of 4% tax exempt for the financial year ended 31 December 2006)	2,312,040	9,248,161
Interim dividend of 3% less 26% tax for the year ended 31 December 2007 (2007 : Interim dividend of 1% less 27% tax for the financial year ended 31 December 2006)	5,132,729	1,687,789
Final dividend of 5% less 26% tax for the financial year ended 31 December 2007 (2007 : Final dividend of 2% tax exempt for the financial year ended 31 December 2006)	8,554,549	4,624,080
Final dividend of 2% less 27% tax for the financial year ended 31 December 2006	-	3,375,579
	15,999,318	18,935,609
Net dividend per ordinary share (sen)	6.92	8.19

On 30 December 2008, the directors declared an interim dividend of 3% tax exempt amounting to RM6,936,120 (RM0.03 per ordinary share) in respect of the financial year ended 31 December 2008 which was paid on 26 February 2009.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

At the forthcoming annual general meeting, a final dividend of 3% tax exempt amounting to RM6,936,120 in respect of the financial year ended 31 December 2008 will be proposed for approval by shareholders of the Company. The proposed final dividend is 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 dividend and the proposed final dividend 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.

39. ANALYSIS OF ACQUISITION OF SUBSIDIARIES

(a) During the financial year, the Company acquired

(i) the entire issued and paid-up share capital of Fauzi-Lim Plantation Sdn Bhd representing 5,000,000 ordinary shares of RM1 each, for a total purchase consideration of RM34,707,300. The principal activity of Fauzi-Lim Plantation Sdn Bhd is to manage and operate oil palm plantation.

(ii) the entire issued and paid-up share capital, representing 2 ordinary shares of RM1 each and 3 ordinary shares of RM1 each in Etika Gangsa Sdn Bhd and Taka Worldwide Trading Sdn Bhd respectively, for a total purchase consideration of RM1,810,012 and RM1,810,015 respectively. Each of the above companies is having lease rights over 66 years on 500 acres of agricultural land for cultivation of oil palm plantation.

The acquisitions are accounted for using the acquisition method of accounting. Goodwill and discount arising from the acquisitions are as follows:

	RM
Goodwill on acquisition of Fauzi-Lim Plantation Sdn Bhd	6,488,716
Discount on acquisition of	
- Etika Gangsa Sdn Bhd	186,240
- Taka Worldwide Trading Sdn Bhd	185,088
	371,328

(b) In the previous financial year, the Company acquired 70% equity interest representing 70,000 ordinary shares of RM1 each in the issued and paid-up share capital of Bay Potential Sdn Bhd, for a cash consideration of RM70,000. The principal activity of Bay Potential Sdn Bhd is investment holding.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

The effects of acquisition of these subsidiaries on the consolidated net profit, the consolidated financial position and the consolidated cash flow statement are as follows:

(i) Effect on consolidated net profit

	---Subsidiaries acquired in--- 2008 RM	2007 RM
Gross revenue	6,551,337	-
Cost of sales	(5,775,995)	-
Gross profit	775,342	-
Other operating income	29,507	-
Administrative expenses	(936,257)	(5,578)
Loss from operations	(131,408)	(5,578)
Finance costs	(41,142)	-
Loss before tax	(172,550)	(5,578)
Tax expense	(34,362)	-
Loss after tax	(206,912)	(5,578)
Minority interest	-	1,673
Decrease in Group's net profit	(206,912)	(3,905)

(ii) Effect on consolidated financial position

	---Subsidiaries acquired in--- 2008 RM	2007 RM
Non-current assets	39,993,950	-
Current assets	1,255,418	99,983
Non-current liabilities	(644,285)	-
Current liabilities	(9,030,159)	(5,561)
Minority interest	-	(28,327)
Net assets held prior to acquisition	(32,209,939)	-
(Decrease)/Increase in Group's share of net assets	(635,015)	66,095

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(iii) Effect on the consolidated cash flow statement

	---Subsidiaries acquired in---	
	2008 RM	2007 RM
Non-current assets	40,415,570	-
Current assets	205,924	-
Non-current liabilities	(487,998)	-
Current liabilities	(7,923,557)	-
Goodwill on acquisition	6,488,716	-
Discount on acquisitions	(371,328)	-
	38,327,327	-
Less:		
Cash and cash equivalents	(151,341)	-
	38,175,986	-

40. NET LOSS FROM LIQUIDATION OF SUBSIDIARIES

	Group	
	2008 RM	2007 RM
Net loss from liquidation of subsidiaries	-	-

In December 2008, Specific Form Sdn Bhd and Realistic Returns Sdn Bhd, which are indirect subsidiaries of the Company were placed under members' voluntary liquidation.

The effects of liquidation of these subsidiaries on the consolidated net profit, the consolidated financial position and the consolidated cash flow statement for the year are as follows:

(i) Effect on the consolidated net profit

	Subsidiaries liquidated in 2008	
	2008 RM	2007 RM
Gross revenue	-	-
Loss before tax	(7,631)	(29,812)
Tax (expense)/income	(81)	20,231
Decrease in Group's net profit	(7,712)	(9,581)

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(ii) Effect on consolidated financial position

	Subsidiaries liquidated in 2008	
	2008 RM	2007 RM
Current assets	41,744	46,858
Current liabilities	(6,660)	(6,660)
Decrease in Group's share of net assets	35,084	40,198

(iii) Effect on consolidated cash flow statement

	Subsidiaries liquidated in 2008 RM
Current assets	41,754
Current liabilities	(6,660)
Net loss on liquidation of subsidiaries	-
Net capital distribution payable on liquidation	35,094
Less:	
Capital distribution receivable included in other receivables	35,084
Net cash flows on liquidation	10

41. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Staff costs:				
Salaries, wages, allowances, bonuses				
- Executive directors	5,749,394	5,119,395	27,500	28,500
- Other employees	50,887,489	49,224,503	-	-
	56,636,883	54,343,898	27,500	28,500
Defined contribution plans	4,769,594	4,655,467	-	-
Social security contributions	339,801	347,607	-	-
Other staff related expenses	7,198,799	6,810,897	-	-
	68,945,077	66,157,869	27,500	28,500

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

42. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) The Company has controlling related party relationship with its subsidiaries, as disclosed in Note 9.

The Group also has related party relationship with the following related parties:
- An associate
- A director of the Company

(b) In addition to information disclosed elsewhere in the financial statements the Group and the Company have the following transactions with related parties during the financial year:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest charged to subsidiaries	-	-	2,506,297	2,678,343
Advances from subsidiaries	-	-	13,229,573	52,760,831
Repayment of advances from subsidiaries	-	-	32,482,309	6,057,543
Accounting fees charged by a subsidiary	-	-	360,000	360,000
Interest expense charged by a subsidiary	-	-	-	110,134
Management fees charged by a subsidiary	-	-	240,000	240,000
Secretarial fees charged by a subsidiary	-	-	126,950	-
Workmanship charged by an associate	1,695,531	1,346,482	-	-
Purchase of shares in a subsidiary from				
- a director of the Company	-	-	3,981,513	-
- another subsidiary	-	-	-	41,000,000

Information regarding outstanding non-trade balances arising from related party transactions at year end are disclosed in Notes 10 and 18.

(c) Compensation of key management personnel

The remuneration of directors and other key management personnel of the Group and of the Company during the financial year comprises:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Short term employee benefits	7,319,643	6,765,197	266,250	148,500
Post employment benefits				
- defined contribution plan	622,548	576,368	-	-
Other long term benefits	-	-	-	-
	7,942,191	7,341,565	266,250	148,500

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

43. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group has entered into commercial property leases to earn rental income from its investment properties. These leases have remaining non-cancellable lease terms of 1 to 3 years at year end. All leases include a clause to enable revision of the rental charge after the expiry dates, based on prevailing market conditions. The Group does not have any significant contingent rental arrangements.

The future minimum lease rentals receivable of the Group under non-cancellable operating leases are as follows:

	Group	
	2008 RM	2007 RM
Future minimum lease rentals receivable		
Not later than one year	3,508,000	4,117,000
Later than one year and not later than five years	3,751,512	4,567,212
Later than five years	-	-
	7,259,512	8,684,212

The Group as lessee

(a) Non-cancellable leases

(i) Lease of office premises

The Group leases a number of office premises under non-cancellable leases for its operations. These leases have an average tenure of 1 to 3 years, with an option to renew the current leases after the expiry of the respective dates. Changes in lease payments, if any, after the expiry dates, are negotiated between the Group and the lessors which will normally reflect market conditions. None of the leases includes contingent rentals.

(ii) Lease of land

The Group also leases agricultural land under non-cancellable operating leases for the purpose of cultivating them into oil palm plantation. These leases have lease period of 66 years expiring in 2065 and 2074, with an option to renew for a further 33 years upon the expiry of the current leases. Changes in lease payments after the expiry date are negotiated between the Group and the lessors and will be based on the prevailing market conditions.

None of the leases of land includes contingent rentals, except for the lease of agricultural land of a subsidiary which is payable half yearly in advance, is determined using an agreed formula at the inception of the lease. The variable factor in the formula is the average market price of oil palm fresh fruit bunches ("FFB") of the preceding year. Thus, the future annual lease payments for the land are expected to vary according to the average market price of FFB of the preceding year.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(b) Cancellable leases

The Group also leases certain equipment under cancellable operating lease agreements. The Group is required to give a 2 month notice for the termination of these agreements.

The future aggregate minimum lease payments of the Group under non-cancellable operating leases are as follows:

	Group	
	2008 RM	2007 RM
Future minimum lease payments		
Not later than one year	5,481,867	1,263,656
Later than one year and not later than five years	18,239,299	973,899
Later than five years	199,765,108	1,964,050
	223,486,274	4,201,605

44. CONTINGENT LIABILITIES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unsecured corporate guarantees given to secure banking and other credit facilities granted to subsidiaries	-	-	31,780,496	33,911,417
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	178,051	176,037	-	-
Letter of demand in respect of liquidated and ascertained damages for delay in completion of construction works and remedial works on defective workmanship claimed against a subsidiary	10,067,784	-	-	-
	10,245,835	176,037	31,780,496	33,911,417

45. CAPITAL COMMITMENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Approved commitment to acquire equity interest in an unquoted corporation	-	30,830,000	-	30,830,000
Approved capital expenditure, contracted but not provided for in the financial statements in respect of acquisition of property, plant and equipment	2,500,000	-	-	-
	2,500,000	30,830,000	-	30,830,000

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

46. SEGMENT ANALYSIS

Segmental reporting

(a) Primary reporting format - business segment

The Group's operations comprise the following business segments:

(i)	Garments	-	Manufacturing and sale of garments
(ii)	Properties	-	Property investment, construction and development
(iii)	Lighting and pagers	-	Manufacturing and assembling of electrical lightings and telecommunication products
(iv)	Plantation	-	Manage and operate oil palm plantation
(v)	Other operations	-	Assembling and distributing of trucks, investment holding, management of a golf course, trading in optical products, freight forwarding and warehousing services
(vi)	Discontinued operations	-	Manufacturing and sale of yarn and dyed knitted fabrics

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.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

Year ended 31 December 2008	<-------- Continuing operations --------					-------->		
	Garments RM	Properties RM	Lighting & pagers RM	Plantation RM	Other operations RM	Group total RM	Discontinued operations RM	Total RM
REVENUE								
Sales	136,493,043	35,909,709	215,822,413	6,551,337	73,880,652	468,657,154	-	468,657,154
Less: Inter-segment sales	-	(382,058)	-	-	(3,709,467)	(4,091,525)	-	(4,091,525)
External sales	136,493,043	35,527,651	215,822,413	6,551,337	70,171,185	464,565,629	-	464,565,629
RESULTS								
Segment operating profit/(loss)	10,122,386	(11,399,255)	26,610,204	(131,408)	4,595,679	29,797,606	(29,690)	29,767,916
Unallocated corporate expenses						(3,115,516)	-	(3,115,516)
Profit/(Loss) from operations						26,682,090	(29,690)	26,652,400
Add/(Less): Finance costs						(3,983,265)	(2,801)	(3,986,066)
Fair value adjustment on investment properties						3,296,758	-	3,296,758
Net loss from investments						(737,410)	-	(737,410)
Share of results of associates	17,559	(150,350)	-	-	395,281	262,490	-	262,490
Profit/(Loss) before tax						25,520,663	(32,491)	25,488,172
Less: Tax expense for the year						4,083,747	-	4,083,747
Net profit/(loss) for the year						21,436,916	(32,491)	21,404,425

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For The Year Ended 31 December 2008 (Cont'd)

Year ended 31 December 2007	<------ Continuing operations ------> Garments RM	Properties RM	Lighting & pagers RM	Other operations RM	Group total RM	Discontinued operations RM	Total RM
REVENUE							
Sales	124,307,780	94,957,811	171,867,968	84,771,370	475,904,929	11,537,958	487,442,887
Less: Inter-segment sales	-	382,058	-	3,069,187	3,451,245	1,674,160	5,125,405
External sales	124,307,780	94,575,753	171,867,968	81,702,183	472,453,684	9,863,798	482,317,482
RESULTS							
Segment operating profit	7,857,510	4,175,176	17,513,414	1,730,853	31,276,953	6,301	31,283,254
Unallocated corporate expenses					(2,306,108)	-	(2,306,108)
Profit from operations					28,970,845	6,301	28,977,146
Add/(Less): Finance costs					(3,835,014)	(76,541)	(3,911,555)
Fair value adjustment on investment properties					(162,156)	-	(162,156)
Net gain from investments					21,549,130	-	21,549,130
Share of results of associates	26,997	435,222	-	1,991,023	2,453,242	-	2,453,242
Profit/(Loss) before tax					48,976,047	(70,240)	48,905,807
Less: Tax expense for the year					6,130,248	-	6,130,248
Net profit/(loss) for the year					42,845,799	(70,240)	42,775,559

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

At 31 December 2008	<---- Continuing operations ---- Garments RM	Properties RM	Lighting & pagers RM	Plantation RM	Other operations RM	Group total RM	Discontinued operations RM	Total RM
OTHER INFORMATION								
Segment assets	57,563,831	154,535,925	99,417,400	41,249,368	113,922,723	466,689,247	-	466,689,247
Associates	67,596	3,449,117	-	-	24,612,712	28,129,425	-	28,129,425
	57,631,427	157,985,042	99,417,400	41,249,368	138,535,435	494,818,672	-	494,818,672
Unallocated corporate assets						24,625,764	-	24,625,764
Total assets						519,444,436	-	519,444,436
Segment liabilities	8,504,918	33,966,579	32,836,770	1,706,911	33,027,220	110,042,398	-	110,042,398
Unallocated corporate liabilities						65,558,971	-	65,558,971
Total liabilities						175,601,369	-	175,601,369
Capital expenditure - Property, plant and equipment	1,407,121	91,992	2,744,449	612,699	1,587,951	6,444,212	-	6,444,212
Depreciation	1,940,328	337,527	2,695,245	179,922	2,201,658	7,354,680	-	7,354,680
Amortisation of biological assets	-	-	-	460,571	-	460,571	-	460,571
Amortisation of prepaid lease payments	26,463	212,825	29,830	360,062	85,457	714,637	-	714,637
Impairment loss on goodwill						3,115,516	-	3,115,516

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

At 31 December 2007	<---- Continuing operations				---->	Discontinued operations RM	Total RM
	Garments RM	Properties RM	Lighting & pagers RM	Other operations RM	Group total RM		
OTHER INFORMATION							
Segment assets	62,127,394	162,784,081	92,475,541	128,563,673	445,950,689	1,303,740	447,254,429
Associates	53,432	2,449,344	-	23,465,169	25,967,945	-	25,967,945
	62,180,826	165,233,425	92,475,541	152,028,842	471,918,634	1,303,740	473,222,374
Unallocated corporate assets					21,238,826	-	21,238,826
Total assets					493,157,460	1,303,740	494,461,200
Segment liabilities	9,207,607	23,371,915	29,019,841	31,920,720	93,520,083	-	93,520,083
Unallocated corporate liabilities					55,885,700	-	55,885,700
Total liabilities					149,405,783	-	149,405,783
Capital expenditure							
- Property, plant and equipment	2,332,511	97,031	2,797,783	2,730,753	7,958,078	165,697	8,123,775
- Investment properties	-	3,697,884	-	-	3,697,884	-	3,697,884
- Prepaid lease payments	-	-	1,183,516	-	1,183,516	-	1,183,516
Depreciation	1,969,034	575,645	3,012,531	2,229,065	7,786,275	281,579	8,067,854
Amortisation of prepaid lease payments	27,706	198,177	15,572	96,527	337,982	13,678	351,660
Impairment loss on goodwill					2,306,108	-	2,306,108

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(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
2008			
Malaysia	287,872,645	4,826,451	377,360,038
Asia Pacific	176,692,984	1,617,761	82,321,765
Others	-	-	7,007,444
	464,565,629	6,444,212	466,689,247
Associates			28,129,425
Unallocated assets			24,625,764
			519,444,436
2007			
Malaysia	333,804,118	11,576,357	357,664,319
Asia Pacific	138,649,566	1,428,818	81,394,022
Others	-	-	8,196,088
	472,453,684	13,005,175	447,254,429
Associates			25,967,945
Unallocated assets			21,238,826
			494,461,200

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

47. FINANCIAL INSTRUMENTS

(a) Credit risk

At balance sheet date, the Group did not have any significant exposure to any individual customer or counter-party 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 and up to the amount of corporate guarantees given as disclosed in Note 44.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(b) Foreign currency exchange risk

At 31 December 2008, the foreign currency amounts to be received and paid, and the contractual exchange rate of the Group's outstanding forward contracts are as follows:

	Its equivalent in RM	Average contractual rate	Settlement period within 1 year RM
Forward contracts on trade receivables			
AUD3,500,000	8,299,300	2.3712	8,299,300
Forward contracts on trade payables			
EURO196,839	957,425	4.8640	957,425

The net unrecognised gain on foreign currency forward contracts at 31 December 2008 for trade receivables and trade payables amounted to RM97,969.

(c) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company at 31 December 2008 approximated their fair values except as stated below:

	Group		Company	
	Carrying amounts RM	Fair values RM	Carrying amounts RM	Fair values RM
Other investments				
Unquoted shares	8,577,581	*	-	-

* 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. These investments are carried at their original costs less any diminution in value.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

(d) Currency exposure

2008	Transaction Currencies									
	Ringgit Malaysia RM	United States Dollar RM	Singapore Dollar RM	Euro RM	Australian Dollar RM	Sterling Pound RM	Hong Kong Dollar RM	Indian Rupee RM	Vietnam Dong RM	Others RM
Functional currencies of the Group										
Investments										
United States Dollar	5,250,000	-	1,728,575	-	-	-	-	-	-	-
Trade and other receivables										
Ringgit Malaysia	-	8,049,560	593,448	20,821	614,814	1,315,487	-	-	-	-
Singapore Dollar	-	2,931,812	-	-	-	-	-	-	-	-
United States Dollar	6,749	-	-	-	-	-	-	-	-	-
Cash and bank balances and fixed deposits										
Ringgit Malaysia	-	6,287,051	84,462	35	1,566,826	-	-	-	-	1,557
Singapore Dollar	-	1,415,511	-	786,830	-	-	-	-	-	-
United States Dollar	3,362	-	-	-	-	-	-	-	2,410,213	-
Trade and other payables										
Ringgit Malaysia	-	1,645,240	486,961	4,134,902	16,966	22,362	173,140	111,084	-	9,754
Singapore Dollar	-	3,315,282	-	759,771	-	-	-	-	-	-
Borrowings										
Ringgit Malaysia	-	14,520,680	-	-	-	-	-	-	-	-

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

2007	Transaction Currencies Ringgit Malaysia RM	United States Dollar RM	Singapore Dollar RM	Euro RM	Australian Dollar RM	Sterling Pound RM	Hong Kong Dollar RM	Indian Rupee RM	Others RM
Functional currencies of the Group									
Investments									
United States Dollar	6,250,000	-	1,850,889	-	-	-	-	-	-
Trade and other receivables									
Ringgit Malaysia	-	11,255,505	245,820	69,343	564,754	985,084	-	-	-
Singapore Dollar	-	4,141,632	-	-	-	-	-	-	-
United States Dollar	53,288	-	-	-	-	-	-	-	-
Cash and bank balances and fixed deposits									
Ringgit Malaysia	-	3,347,740	1,830	34	20,285	-	-	-	626
Singapore Dollar	-	5,751,331	-	-	-	-	-	-	-
United States Dollar	567	-	-	-	-	-	-	-	-
Trade and other payables									
Ringgit Malaysia	-	1,325,385	814,889	2,653,574	8,269	177,227	54,770	146,691	21,787
Singapore Dollar	-	1,942,527	-	-	-	-	-	-	-
Borrowings									
Ringgit Malaysia	-	14,743,345	-	-	-	-	-	-	-

Notes To And Forming Part Of The Financial Statements
For The Year Ended 31 December 2008 (Cont'd)

48. COMPARATIVE FIGURES

The following comparative figures of the Group have been restated to conform with the current year's presentation:

	As restated RM	As previously reported RM
Income statement for the year ended 31 December 2007		
Administrative and general expenses	52,334,866	50,871,726
Other operating expenses	-	1,463,140

49. 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 23 April 2009.

Statement By Directors

In the opinion of the directors, the financial statements set out on pages 37 to 109 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 2008 and of their results and cash flows for the year then ended; and

(b) in accordance with Financial Reporting Standards and the provisions of the Companies Act 1965.

Signed on behalf of the directors in accordance with a directors' resolution dated 23 April 2009

DATO' SURIN UPATKOON
Director

TANG KING HUA
Director

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 pages 37 to 109 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 23 April 2009)
)
)
) **LIM KONG YOW**

Before me:

HAMZAH BIN HAJI SULAIMAN (W 298)
Commissioner for Oaths

Properties Held By The Group

Particulars of Titles	Tenure	Land Area	Description/ Existing Use	Net Book Value as at 31.12.08 (RM)	Approximate Age of Building	Year of Acquisition
H.S.(D) 138972 to 139228, P.T. 3065 to 3320 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	55,535,646	14 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	34,530,000	12 years	1990
HS (D) 429, PT 3644 Mukim Relai Daerah Jajahan Gua Musang Kelantan	Leasehold (66 years – expiring on 27.07.2065)	5,000 acres	Agricultural land	23,763,146	-	2008
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	19,375,660	15 years	1991
Lot 1233, Grant (1st Grade) 11818 Section 1, Georgetown, Daerah Timur Laut, Penang	Freehold	61,323 sq. ft.	Level 2, 3 & 5(part) of 8 storey office block	7,836,000	15 years	1988
Lot 886, Geran No. 12563 Seksyen 3 Bandar Georgetown Daerah Timur Laut, Penang	Freehold	50,720 sq. ft.	Land for development	6,130,873	-	2007
Geran 25978 & 26200 Lot 4019 & 4478, Mukim Setapak Daerah Kuala Lumpur Wilayah Persekutuan	Freehold	3,422 sq. m.	Land for development	6,110,259	-	2006
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	6,069,475	10 years	1992
PM 440, Lot 186 Mukim of Bandar Selayang, Dearah Gombak Selangor Darul Ehsan	Leasehold (99 years – expiring on 5.9.2074)	8,625 sq. m.	Office and factory building	4,725,735	17 years	1990
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	4,553,628	34 years	1991

Analysis of Shareholdings
As At 16 April 2009

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	:	8,862

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 – 99	72	0.81	1,997	0.00
100 – 1,000	2,494	28.14	2,381,277	1.03
1,001 – 10,000	5,364	60.53	21,208,605	9.16
10,001 – 100,000	830	9.37	20,407,340	8.81
100,001 – 11,577,951	99	1.12	110,151,774	47.57
11,577,952 and above	3	0.03	77,408,022	33.43
Total	8,862	100.00	231,559,015	100.00

Directors' Shareholding

Name	No. of shares held*			
	Direct	%*	Indirect	%*
Dato' Surin Upatkoon	786,630	0.34	75,100,939 (a)	32.48
Tang King Hua	10,030,800	4.34	2,181,700 (b)	0.94
Lim Kong Yow	48,000	0.02	4,000 (c)	^
Lawrence Lim Swee Lin	424,000	0.18	3,052,800 (d)	1.32
Tan Chor Teck	350,000	0.15	9,719,680 (e)	4.20
Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat	-	-	-	-
Dato' Shahbudin bin Imam Mohamad	-	-	-	-
Dato' Yogesvaran a/l T. Arianayagam	-	-	-	-

* *Excluding a total of 355,000 MWE shares bought back by MWE and retained as treasury shares.*
^ *Insignificant*
(a) *Deemed interested through his spouse and by virtue of Section 6A(4) of the Companies Act, 1965 held through Pinjaya Sdn Bhd, Casi Management Sdn Bhd and Multi-Purpose Holdings Berhad.*
(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) *Held through his spouse.*
(d) *Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Zenbell Holdings Sdn Bhd and Zenbell (Selangor) Sdn Bhd (formerly known as Magnum 4D (Selangor) Sdn Bhd).*
(e) *Deemed interested through his family members and by virtue of Section 6A(4) of the Companies Act, 1965 held through Simansu Sdn Bhd*

Analysis of Shareholdings
As At 16 April 2009 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of shareholders	No. of shares held	% of shares
1.	PINJAYA SDN BHD	39,196,722	16.93
2.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD *Qualifier : Pledged Securities Account for Pinjaya Sdn Bhd*	21,048,700	9.09
3.	A.A. ANTHONY NOMINEES (ASING) SDN BHD *Qualifier : Pledged Securities Account for Greenland Timber Industries Pte Ltd*	17,162,600	7.41
4.	INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD *Qualifier : Driscoll Shipping Ltd*	11,500,000	4.97
5.	MAYBAN NOMINEES (TEMPATAN) SDN BHD *Qualifier : Pledged Securities Account for Pinjaya Sdn Bhd*	10,656,000	4.60
6.	MAYBAN NOMINEES (TEMPATAN) SDN BHD *Qualifier : Pledged Securities Account for Tang King Hua*	9,164,500	3.96
7.	A.A. ANTHONY NOMINEES (ASING) SDN BHD *Qualifier : Pledged Securities Account for Citibase Limited*	8,427,900	3.64
8.	AMSEC NOMINEES (TEMPATAN) SDN BHD *Qualifier : AmBank (M) Berhad for E&O Property Development Berhad*	8,200,000	3.54
9.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *Qualifier : CIMB for Simansu Sdn Bhd*	8,058,000	3.48
10.	MULTI-PURPOSE INSURANS BHD	7,953,800	3.43
11.	A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD *Qualifier : Pledged Securities Account for MCC Credit Sdn Bhd*	3,481,200	1.50
12.	MULTI-PURPOSE HOLDINGS BERHAD	3,000,000	1.29
13.	ZENBELL HOLDINGS SDN BHD	2,765,800	1.19
14.	A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD *Qualifier : for New Kota Credit Sendirian Berhad*	2,730,500	1.18
15.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD *Qualifier : Pledged Securities Account for E & O Developers Sdn Bhd*	2,125,000	0.92
16.	PACIFIC & ORIENT INSURANCE CO BERHAD	2,088,000	0.90
17.	IDEA KOSMO SDN BHD	2,067,500	0.89
18.	NG KWENG THEAM	1,725,600	0.75
19.	KAM LOONG MINING SDN BHD	1,346,500	0.58

Analysis of Shareholdings
As At 16 April 2009 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS (Cont'd)

No.	Name of shareholders	No. of shares held	% of shares
20.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *Qualifier : Pengurusan Danaharta Nasional Berhad for Raja Zainal Abidin Bin Raja Hussin*	1,209,000	0.52
21.	TAN TOH HUA	1,041,400	0.45
22.	YEAP LEONG PENG	1,010,000	0.44
23.	MUHAMMAD MARZUKI BIN A SAMAD	900,000	0.39
24.	ABM HOLDINGS SDN BHD	871,400	0.38
25.	TANG KING HUA	866,300	0.37
26.	CIMSEC NOMINEES (ASING) SDN BHD *Qualifier:Danaharta Managers Sdn Bhd for Surin Upatkoon*	788,392	0.34
27.	GOLDEN BAY HOLDING SDN BHD	743,000	0.32
28.	MOHAMAD NAIM BIN FATEH MOHAMED	582,000	0.25
29.	SUWINI BINGEI	552,017	0.24
30.	HUANG PHANG LYE	506,000	0.22
Total		171,767,831	74.17

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest No. of Shares	%*	Indirect Interest No. of Shares	%*
Pinjaya Sdn Bhd	70,901,422	30.67	-	-
Greenland Timber Industries Pte Ltd	17,162,600	7.42	-	-
Dato' Surin Upatkoon	786,630	0.34	75,100,939(a)	32.48
Tang King Hua	10,030,800	4.34	2,181,700(b)	0.94

Notes:

* *Excluding a total of 355,000 MWE shares bought back by MWE and retained as treasury shares.*

(a) *Deemed interested through his spouse and by virtue of Section 6A(4) of the Companies Act, 1965 held through Pinjaya Sdn Bhd, Casi Management Sdn Bhd and Multi-Purpose Holdings Berhad.*

(b) *Deemed interested through his spouse and by virtue of Section 6A(4) of the Companies Act, 1965 held through Idea Kosmo Sdn Bhd.*

Notice Of Annual General Meeting

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 Tuesday, 2 June 2009 at 10.30 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2008 and the Reports of the Directors and Auditors thereon. (Please refer to Note A)

2. To declare a final dividend of 3% tax exempt for the financial year ended 31 December 2008. **(Resolution 1)**

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

(i)	Dato' Shahbudin bin Imam Mohamad	-	Article 109	**(Resolution 2)**
(ii)	Lim Kong Yow	-	Article 109	**(Resolution 3)**
(iii)	Dato' Yogesvaran a/l T. Arianayagam	-	Article 96	**(Resolution 4)**
(iv)	Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat	-	Article 96	**(Resolution 5)**

4. To approve the payment of Directors' fees of RM246,000 in respect of the year ended 31 December 2008 (2007 : RM120,000). **(Resolution 6)**

5. To appoint Messrs Mazars as Auditors of the Company in place of the retiring Auditors, Messrs Moores Rowland, to hold office until the conclusion of the next annual general meeting and that the Directors be authorised to fix their remuneration. **(Resolution 7)**

6. **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 8)**

(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 2008 of RM4,666,107 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

Notice Of Annual General Meeting (cont'd)

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 9)**

7. 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 dividend of 3% tax exempt in respect of the financial year ended 31 December 2008, if approved by shareholders, will be paid on 3 August 2009 to depositors registered in the Record of Depositors at the close of business on 24 July 2009.

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 24 July 2009 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.

Notice Of Annual General Meeting (cont'd)

By Order of the Board

LIM KONG YOW (MIA 4979)
Company Secretary
11 May 2009
Penang

Notes:

A. *This Agenda is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 and the Articles of Association of the Company require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a resolution to be put to the vote by shareholders.*

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

Appointment of Auditors in place of retiring Auditors

On 23 April 2009, the Company announced that it had received a notice from Messrs Moores Rowland indicating their intention to retire and does not seek re-appointment at the forthcoming annual general meeting of the Company as Messrs Moores Rowland had merged their practice with the internationally integrated practice of Messrs Mazars on 1 September 2008. On 23 April 2009, the Company also received a notice of nomination from a shareholder of the Company to nominate Messrs Mazars as Auditors of the Company in place of the retiring Auditors, Messrs Moores Rowland.

A copy of the notice of nomination is attached herein and appear on page 119 of the Company's 2008 Annual Report.

Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

The Proposed Resolution 8, 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.

Renewal of the Proposed Share Buy-Back

The Proposed Resolution 9, 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 Renewal of the Proposed Share Buy-Back is set out in the Statement to Shareholders dated 11May 2009 which is despatched together with the Company's 2008 Annual Report.

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' Shahbudin bin Imam Mohamad
(ii) Lim Kong Yow
(iii) Dato' Yogesvaran a/l T. Arianayagam
(iv) Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Matt

Details of Directors who are standing for re-election are set out in the Directors' Profile appearing on pages 6 to 9 of the Annual Report.

2. Details of attendance of Directors at Board Meetings

There were five (5) Board meetings held during the financial year ended 31 December 2008. Details of attendance of the Directors are set out in the Statement on Corporate Governance appearing on page 18 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 Tuesday, 2 June 2009 at 10.30 a.m.

CHAN WYE KAN
74, Tingkat Bukit Kecil 2
Taman Sri Nibong
11900 Bayan Baru
Penang

The Board of Directors
MWE HOLDINGS BERHAD
846, Jalan Raya
14209 Sungei Bakap
Seberang Perai Selatan
Penang

Dear Sirs,

NOTICE OF NOMINATION OF MESSRS MAZARS AS AUDITORS

I, a member of the Company, hereby give notice, pursuant to Section 172 (11) of the Companies Act, 1965 of my nomination of Messrs Mazars as Auditors of the Company in place of the retiring auditors and of my intention to propose the following resolution at the next annual general meeting of the Company:-

ORDINARY RESOLUTION

"THAT Messrs Mazars be and are hereby appointed auditors of the Company in place of the retiring auditors Messrs Moores Rowland to hold office until the conclusion of the next annual general meeting and that the directors be authorised to determine their remuneration."

Dated this 23rd day of April , 2009.

CHAN WYE KAN

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MWE HOLDINGS BERHAD (5713-D)
(Incorporated in Malaysia)
Registered Office : 846 Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Penang

FORM OF PROXY

CDS ACCOUNT NO.	NO. OF SHARES HELD

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 Tuesday, 2 June 2009 at 10.30 a.m. and at any adjournment thereof.

RESOLUTIONS	* FOR	* AGAINST
1. Declaration of Final Dividend of 3% Tax Exempt		
2. Re-election of Dato' Shahbudin bin Imam Mohamad as Director		
3. Re-election of Lim Kong Yow as Director		
4. Re-election of Dato' Yogesvaran a/l T. Arianayagam as Director		
5. Re-election of Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat as Director		
6. Approval of Directors' fees		
7. Appointment of Auditors in place of Retiring Auditors		
8. To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
9. To approve the renewal of Proposed Share Buy-Back		

* 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 .... 2009.

……………………………………
Signature of Witness
Name:
Address:
Occupation:

……………………………………
Signature of Shareholder (s)

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.*

Then fold here

Affix
Stamp

The Company Secretary

MWE HOLDINGS BERHAD

846 Jalan Raya

14209 Sungei Bakap

Seberang Perai Selatan, Penang

1st fold here

MWE HOLDINGS BERHAD **(5713-D)** Annual Report **2008**