Annual Report 2011

MWE HOLDINGS BERHAD (5713-D)

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., D.M.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.M., 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 : 04-585 8188 Fax : 04-585 8199

REGISTRARS

Metra Management Sdn Bhd
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

Messrs Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 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 Islamic Bank Berhad
Hong Leong Bank Berhad

SOLICITORS

Messrs Ghazi & Lim

STOCK EXCHANGE LISTING

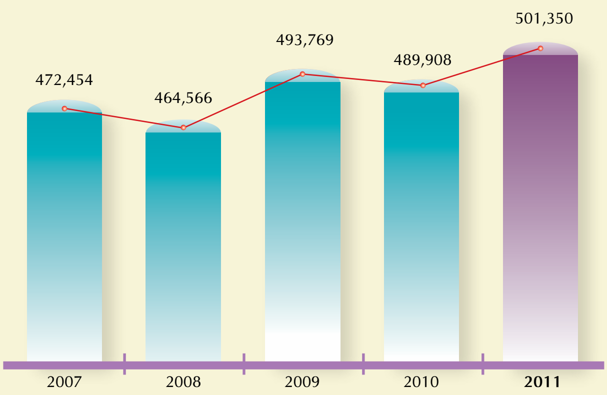
Main Market of Bursa Malaysia Securities Berhad
Stock Name: MWE
Stock Code : 3921

WEBSITE

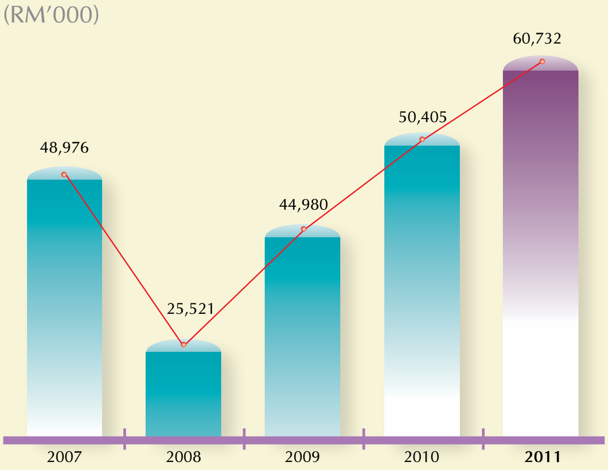
www.mweh.com.my

	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)	2008 (RM'000)	2007 (RM'000)
Revenue	**501,350**	489,908	493,769	464,566	472,454
Profit Before Tax	**60,732**	50,405	44,980	25,521	48,976
Paid-up capital	**231,559**	231,559	231,559	231,559	231,559
Shareholders' Funds	**434,622**	396,632	332,569	315,988	314,969
Total Assets	**735,209**	623,693	543,968	519,444	494,461
Net Assets per share (sen)	**188**	172	144	137	136
Earnings per share (sen)	**20**	19	14	8	18
Net Dividend per share (sen)	**10**	10	8	6	7

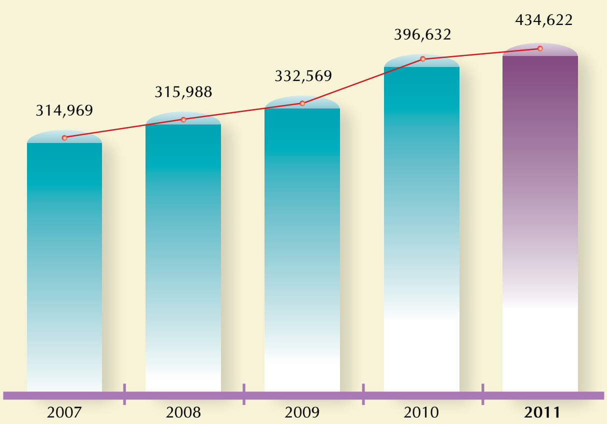
REVENUE
(RM'000)



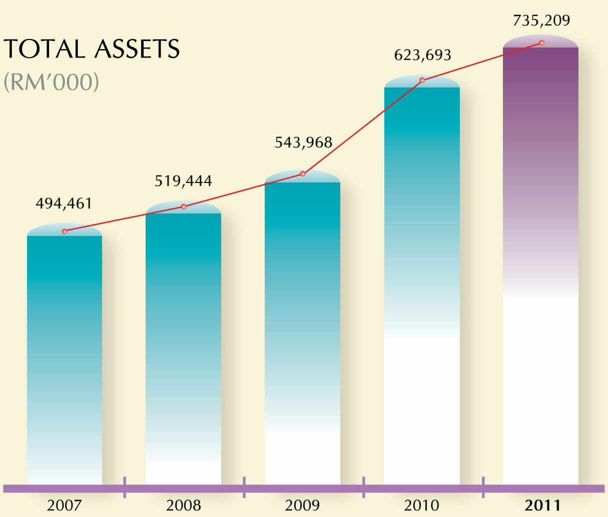
PROFIT BEFORE TAX
(RM'000)



SHAREHOLDERS' FUND
(RM'000)



TOTAL ASSETS
(RM'000)



Corporate Structure

MWE HOLDINGS BERHAD
(5713-D)

ELECTRONICS DIVISION

- 100% Davex Holdings Berhad — 40% Specific Form Sdn Bhd*
  - 93% Davex (Malaysia) Sdn Bhd
    - 60% Specific Form Sdn Bhd*
      - 100% Realistic Returns Sdn Bhd *
    - 100% Davex Engineering (M) Sdn Bhd
    - 100% Davex Australia Pty Ltd
    - 100% Davex Singapore Pte Ltd
    - 100% Davex Vietnam Company Ltd
  - 51% Round and Round Pte 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
  - 68% Daviscomms (S) Pte Ltd
    - 100% Daviscomms (Malaysia) Sdn Bhd

LEISURE DIVISION

- 100% MWE Golf & Country Club Berhad

PLANTATION DIVISION

- 100% Fauzi-Lim Plantation Sdn Bhd
- 100% Etika Gangsa Sdn Bhd
- 100% Taka Worldwide Trading Sdn Bhd

INDUSTRIAL DIVISION

- 90% Alu-Paste & Pigments Sdn Bhd
  - 53% Dongfeng Commercial Vehicle (Malaysia) Sdn Bhd
    - 49% Airport Automotive Workshop Sdn Bhd ^

* In the process of members' voluntary winding-up

^ Associate Company

PROPERTIES DIVISION

- 100% MWE Properties Sdn Bhd
  - 100% MWE Precast Concrete Sdn Bhd
  - 100% Metra PMC Sdn Bhd
  - 100% Prime Achiever Sdn Bhd
  - 60% MWE Tiravest Sdn Bhd
  - 60% Jurangjaya Sdn Bhd
  - 51% MWE Macadam Sdn Bhd
  - 50% Ribuan Wangsa Sdn Bhd ^
  - 50% Weld Quay Development Sdn Bhd ^
  - 100% Melati Mewah Sdn Bhd
    - 100% Melati Mewah Property Services Sdn Bhd
    - 100% Versatile Development Sdn Bhd

CORPORATE / SERVICES DIVISION

- 100% Ganda Pesona Sdn Bhd
- 30% Premier Capital Holdings Sdn Bhd ^
- 100% Metra Management Sdn Bhd
  - 100% Metra Nominees Sdn Bhd

TEXTILE DIVISION

- 100% MWE Weaving Mills Sdn Bhd
- 100% MWE Spinning Mills Sdn Bhd
  - 100% MWE Textile Industries Sdn Bhd
  - 100% United Sweethearts Garment (Vietnam) Co., Ltd
- 100% United Sweethearts Garment Sdn Bhd
  - 20% CNT Garments Sdn Bhd ^
  - 50% Sun Meridian Global Ltd ^

INTERNATIONAL DIVISION

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

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

(Independent Non-Executive Chairman)

Tan Sri Dato' Seri Dr. Aseh, 61, a Malaysian, was appointed to the Board of MWE Holdings Berhad ("MWE") on 23 July 2008 as an Independent Non-Executive Director and subsequently on 28 July 2008 as Independent Non-Executive Chairman. Tan Sri Aseh obtained his Bachelor of Economics (Honours) degree from University of Malaya in 1974 and obtained his Masters in Public Administration degree from University of Southern California, USA in 1984. In year 2007, Tan Sri Aseh received his PhD in International Relations from 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). 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:-

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 63, was appointed to the Board of MWE Holdings Berhad ("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 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 as set out in the Directors' Report for the year ended 31 December 2011. He is deemed to have interest in shares in all the subsidiaries to the extent MWE has an interest.

TANG KING HUA
(Managing Director)

Malaysian, aged 54, was appointed as an Executive Director of MWE Holdings Berhad ("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 2011.

LIM KONG YOW
(Executive Director)

Malaysian, aged 57, was appointed to the Board of MWE Holdings Berhad ("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 2011.

LAWRENCE LIM SWEE LIN
(Independent Non-Executive Director)

Malaysian, aged 55, was appointed to the Board of MWE Holdings Berhad ("MWE") on 1 August 1989. Mr. Lim holds a Bachelor of Arts degree in Economics (Honours) from 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 in MWE are set out in the Directors' Report for the year ended 31 December 2011.

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

Malaysian, aged 70, was appointed to the Board of MWE Holdings Berhad ("MWE") on 14 September 2000. Dato' Shahbudin graduated with a Bachelor of Arts (Hons) 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.

TAN CHOR TECK
(Independent Non-Executive Director)

Malaysian, aged 50, was appointed to the Board of MWE Holdings Berhad ("MWE") on 14 September 2000. Mr. Tan graduated with a degree in Law & Arts from Melbourne University in 1984. He started his career by working on various projects in Sydney before returning to Malaysia in 1996.

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

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 2011.

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

Dato' Yogesvaran T. Arianayagam, aged 60, a Malaysian, was appointed to the Board of MWE Holdings Berhad ("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 an Associate Member of the British Institute of Management, UK.

Dato' Yogesvaran started his career as a Management Accountant with British Steel Corporation, England in 1974. Upon his return to Malaysia in 1976, he joined Aseambankers Malaysia Berhad and was the Senior Manager and Head of the 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 and several private limited companies in Malaysia, Singapore and India.

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

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	RC	NIL	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, it gives me great pleasure to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2011.

FINANCIAL PERFORMANCE

I am pleased to inform that the Group's overall performance was satisfactory during the year amidst global uncertainties.

The Group recorded revenue of RM501.3 million, up marginally against RM490.0 million in the previous year. However, profit before tax was 20% higher than year 2010, at RM60.7 million against RM50.4 million. The commendable earnings were driven primarily by the satisfactory performance from our Textile Division and Electronics Division. The disposals of our Hong Kong associate and a property subsidiary also contributed to the Group's profitability.

At the company level, profit before tax increased from RM22.2 million to RM79.5 million for the current financial year, due mainly to higher dividend income received from subsidiaries.

DIVIDENDS

The Group remained committed towards rewarding our shareholders with good dividend payout and to this end, we have paid first interim dividend which consists of 1% Tax Exempt and 4% Single Tier (Year 2010: 5% Tax Exempt) amounting to RM11.56 million on 15 December 2011.

The Board further declared second interim dividend of 5% Single Tier amounting to RM11.56 million and it was paid to shareholders on 30 March 2012. Thus making the total interim dividend payout for financial year ended 31 December 2011 to 1% Tax Exempt and 9% Single Tier (2010: 10% Tax Exempt). This translates into a net dividend of 10.0 sen per share.

REVIEW OF OPERATIONS

Textile Division

Textile Division continued to perform satisfactorily. It achieved revenue growth of 8% for the current financial year, bringing its revenue to RM184.9 million as compared to RM171.2 million recorded in the previous year. The division also registered profit before tax of RM21.3 million, showing a significant improvement over previous year's performance.

The fine results were augmented by the strong sales and production efficiency which was derived from the installation of modern sewing machineries. It was also attributed to the tight control on materials consumption and strict cost control measures that were carried out during the year.

Electronics Division

Electronics Division performed well with all the sections contributing positively to the bottom line. For the year under review, the Electronics Division registered revenue of RM262.9 million as compared to RM261.5 million in year 2010. Profit before tax was higher at RM33.8 million as compared to RM24.6 million in the previous year.

During the year, the Lighting Section recorded revenue of RM163.9 million, RM13.6 million lower as compared to RM177.5 million in the previous year. The lower revenue was mainly due to volatile global economic climate and vicious price competition. Besides, the scheduled construction projects for Asean countries were delayed as a result of monsoon season.

Despite the decrease in revenue, profit before tax rose to RM32.5 million as compared to previous year's RM30.5 million. The fine performance was attributed to the strengthening of Australian and Singapore Dollars against Ringgit Malaysia. Furthermore, deliveries of products tailored to specific niche markets also contributed to higher sale margins.

The Lighting Section will maintain its competitiveness through dedication on operational excellence and effective business strategies. In view of global market uncertainties, the section expects to face stiffer competition in year 2012. However, with our utmost dedication to improve business efficiency and stringent cost control, the section is well positioned to overcome these challenges and able to capitalise on the growth opportunities within our markets.

The Pager Section, under Daviscomm Group registered higher revenue of RM50.0 million for year 2011 as compared to RM46.3 million in the previous year. Revenue could have been higher as paging and some of the MobileHelp orders were delayed owing to floods in Thailand that affected the supply of plastic housings. For the financial year ended 31 December 2011, the section registered profit before tax of RM0.5 million as compared to loss before tax of RM0.3 million in the previous year.

The pager orders and sales orders from MobileHelp, Authentec and SSI remained strong and consistent. New potential customers are in final stage of negotiation and it is expected that sales will further improve in the coming years.

The overall performance for Freight Section improved satisfactory as compared to year 2010. Revenue increased to RM45.7 million, 15% higher against RM39.6 million reported in the previous year. As a result, it turned around from loss before tax of RM0.5 million to profit before tax of RM0.8 million. The growth in revenue and profit was largely contributed by our airfreight operations through newly acquired customers and increased orders from its existing customers. Further, the section managed to negotiate for lower freight rates from airlines, thus resulted in higher profit margin.

In order to drive future growth in response to the deterioration of the global economy, the section has taken various measures including cost cutting exercises to reduce both operating and administration costs. I am pleased to report that all measures taken to achieve cut-back in costs, elimination of unprofitable activities and improvement of efficiency in processes have yielded good results for the Section.

Property Division

During the year under review, the Property Division recorded revenue of RM14.4 million against RM27.2 million in the previous year. The division recorded loss before tax of RM1.0 million as compared to profit before tax of RM2.1 million reported in the previous year. The profit registered in year 2010 was mainly due to disposal of development lands in Penang.

Leisure Division

For the year under review, Monterez Golf & Country Club ("MGCC") recorded slight improvement in revenue of RM7.1 million as compared to RM6.8 million in the previous year. This was mainly due to higher golfing activities coupled with increase in members' patronage at our Food & Beverage outlets.

With the newly opened 24-lane bowling alley and Monterez Club 19 - a karaoke entertainment outlet, MGCC is confident that it can attract more golfers and hence, increase business activities in the golf club.

Plantation Division

During the year under review, the Plantation division recorded higher revenue of RM11.5 million against RM9.2 million in the previous year. It achieved profit before tax of RM0.7 million as compared to RM0.1 million reported in year 2010. The improved performance was mainly due to higher Fresh Fruit Bunches ("FFB") prices and better crop yields.

Industrial Division

For the year under review, Dongfeng Commercial Vehicle (Malaysia) Sdn Bhd ("Donfeng"), our subsidiary involved in the distribution of Dongfeng heavy commercial vehicles continued to operate in a difficult environment as it faces intense competition from established brands as well as other Chinese brands. Customers remain sensitive to pricing and prefer cheaper brand vehicles albeit with lower specifications and quality.

Its revenue for financial year ended 31 December 2011 dropped to RM12.1 million as compared to RM13.3 million in the previous year. Loss before tax was RM2.7 million against last year's loss before tax of RM3.4 million.

2011 was an eventful year for the division due to the launching of a new model, namely Kinland 375 4/2/6x 2 prime movers. It is targeted at the general cargo and container segment, which is the largest segment within the transport and logistics sector. The model is expected to be a volume driver in our portfolio.

Dongfeng will continue to augment its sales in year 2012. With the warranty of more than a hundred vehicles sold in the previous years due to expire in 2012, we foresee that revenue would be higher in the coming years due to the increase in spare parts sale and workshop services.

PROSPECTS

Whilst the prospects for the Malaysian economy remains positive in 2012, we are mindful of the unfavourable conditions and uncertainties of the global economy following the worsening of the Euro zone crisis and the resulting volatility as well as clear signs of economic slowdown in the US and Europe. The continuing high unemployment rates in the advanced economies together with persistent high inflation are also weighing down the global economic outlook.

To meet the Group's objective in maintaining sustainable growth in 2012, our strategy would be to maximize the utilization of resources and cost control. We are also optimistic of the Group's growth prospects and will be able to weather through the global economic turbulence.

APPRECIATION

On behalf of the Board, I would like to express my deepest gratitude to our valued shareholders, business associates, customers, consultants, suppliers, bankers and the government agencies for their resolute support, trust and confidence in the Group.

I would like to thank the management and staff for their commitment, dedication and hard work and to my fellow directors for their invaluable guidance and contributions throughout the year. Together let us look forward to greater and more rewarding years ahead.

TAN SRI DATO' SERI (DR) ASEH BIN HAJI CHE MAT
Chairman
12 April 2012

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.

MWE Holdings Berhad ("MWE") remains committed to a systematic and unwavering focus on our corporate responsibility at all levels. Being a good corporate citizen is embedded in every aspect of our operations; from ensuring highest standards in safety and health, to protecting the environment, operating with the highest business integrity and contributing to the communities where we work. This section describes the corporate citizenship efforts and accomplishments of MWE and the other subsidiaries in Malaysia.

COMMUNITY

As a corporate entity, it is important to consider the disadvantaged members of our society in need of assistance and aid. Over the past years, we have been strongly committed to support those in need, reaching out to poor neighbourhoods, orphanages, old folk's homes and the disabled. This incorporates activities initiated by our subsidiaries.

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 Kiwanis Down Syndrome Foundation, Happy Retirement Home Kepala Batas (Old Folks), True Light Vision Center Sungai Petani (Orphanage), Children Protection Society, various schools and other charitable organizations. Apart from this, we have reached out to victims of natural disasters. This is evidenced by our donations to earthquake victims in Japan by channeling the funds to Japan Embassy and Red Cross Society of Japan.

To continue to support the Blood Donation Campaign awareness, United Sweetheart Garments Sdn Bhd, a wholly-owned subsidiary of MWE has participated in the Blood Donation Campaign with Hospital Seberang Jaya and Hospital Sultan Abdul Halim Sungai Petani of which collectively has enabled to collect a total of sixty-nine (69) bottles of blood in the one day event.

Programmes like these keep us moving and motivated and we were proud to be part of these social activities and will continue to be supportive in these charitable deeds.

WORKPLACE

MWE recognizes that our success over the years has been built on the foundation of a skilled and talented workforce. Therefore, we are aware that it is crucial to nurture our diverse talent pool in order to meet the needs of our different divisions, which call for varying skills, capabilities and expertise from our employees.

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 hospitalisation and personal accident insurance coverage.

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, CPR and First Aid training, 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 memorandum.
- Document management system in place to store documents electronically in pursuit of paperless environment.
- Staffs 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.

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 Financial Reporting Standards, the provisions of the Companies Act, 1965 in Malaysia and the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad 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 2011, there were no buyback of the Company's own shares.

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 2011.

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.

The Board of Directors of MWE Holdings Berhad is committed to ensure that the highest standards of corporate governance and practiced throughout the Company. The Board views this as a fundamental part of its responsibilities to protect and enhance shareholder value. Accordingly, the Board fully supports the principles laid out in the Malaysian Code on Corporate Governance.

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 responsibilities 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 8. 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 2011, whereat it reviewed and approved various issues including the Group's quarterly financial results, the performance of the subsidiaries, the business plan and strategy of the Group and corporate proposals. The Board also reviewed the adequacy of the Group's internal control system, identified addressed principal risks in the Group's through the powers delegated to the Audit Committee.

The details of attendance of each Director at the Board of Directors' Meetings held during the financial year ended 31 December 2011 are set out as follows:-

Directors	Attendance
Tan Sri Dato' Seri (Dr) Aseh bin Hj. Che Mat	5/5
Tang King Hua	5/5
Lim Kong Yow	5/5
Dato' Surin Upatkoon	4/5
Lawrence Lim Swee Lin	5/5
Dato' Shahbudin bin Imam Mohamad	5/5
Dato' Yogesvaran a/l T. Arianayagam	5/5
Tan Chor Teck	5/5

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.

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

All Directors of the Company have attended the Mandatory Accreditation Programme conducted by the Approved Organiser. The Directors will continue to undergo other relevant training programmes to further enhance their knowledge on a continuous basis in compliance with the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

During the financial year ended 31 December 2011, all the directors have attended their training programme on "Business Continuity Planning" whereas Dato' Yogesvaran attended another additional training programme called "CIMA Green Sustainability Conference Asia 2011".

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-Executive 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.

An analysis of the aggregate Directors' remuneration incurred by the Company for the year ended 31 December 2011 as prescribed under Appendix 9C Part A Item 11(a) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("MMLR") is set out below:

	Directors' Fees (RM)	Salary (RM)	Other Emoluments (RM)	Total (RM)
Executive Directors	84,000	990,047	716,517	1,790,564
Non-Executive Directors	230,000	-	22,000	252,000
Total	314,000	990,047	738,517	2,042,564

An analysis of the number of Directors whose remuneration, incurred by the Company, falls in successive bands of RM50,000 as prescribed under Appendix 9C Part A Item 1(b) of the MMLR is set out below:-

	Number of Directors	
Range of Remuneration	Executive	Non-Executive
Up to 50,000	-	5
50,001 - 100,000	-	1
500,001 - 550,000	1	-
1,200,001 - 1,250,000	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.

The Annual General Meeting ("AGM") provides an appropriate forum for the shareholders to dialogue with the Board. Additionally, queries from investors and potential investors are dealt with by our Investor Relations. The Company also has its own website www.mweh.com.my with contact details of a dedicated officer for such purpose. At the AGM, the Chairman of the Board reviews the progress and performance of the Company with the shareholders. A question and answer session is also conducted to allow shareholders the opportunity to question Management on the Company's business and the proposed resolutions. The Chairman, the Board members and the external auditors are available at the AGM to respond to questions.

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 the Bursa Malaysia Securities Berhad.

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.

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 pages 25 to 26 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 2011 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.

Audit Committee Report

The Board presents the Audit Committee Report to provide insight on the discharge of the Audit Committee's functions for the Group in 2011.

COMPOSITION

The Committee comprises three Independent Non-Executive Directors. The following are the Committee members:-

Dato' Yogesvaran a/l T. Arianayagam
Dato' Shahbudin bin Imam Mohamad
Tan Chor Teck

Dato' Yogesvaran a/l T Arianayagam is a Fellow of the Chartered Institute of Management Accountant, UK, a Chartered Accountant with Malaysian Institute of Accountants and an Associate Member of the British Institute of Management, UK. Accordingly, MWE Holdings Berhad complies with paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

TERMS OF REFERENCE

The Committee members shall:-

- be appointed from members of the Board of Directors;
- consist of not less than three in number;
- comprise fully, independent directors;
- elect a Chairman from among their number, who is an independent director; and
- not be an alternate director.

AUTHORITY

The Committee is authorised by the Board:-

- to investigate any activity within its terms of reference;
- to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee;
- to obtain outside legal or other independent professional advice as necessary; and
- to meet with the external auditors of the Company, without 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 MINUTES

Meetings of the Committee shall be held regularly, and as often as necessary. Other directors of the Company and relevant personnel may only attend meetings at the invitation of the Committee. If required, the presence of the external auditors at the meeting of the Committee may be requested. The auditors, both internal and external, may request the Committee to convene a meeting if one is necessary, to consider any matter which any of the auditors believe should be brought to the attention of the Directors and/or shareholders of the Company.

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

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 2011 and the attendance record is as follows:-

	23/2/2011	27/4/2011	27/5/2011	25/8/2011	10/11/2011
Dato' Yogesvaran a/l T. Arianayagam	✓	✓	✓	✓	✓
Dato' Shahbudin bin Imam Mohamad	✓	✓	✓	✓	✓
Tan Chor Teck	✓	✓	✓	✓	✓

ACTIVITIES

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

- Reviewed and approved the annual internal audit plan for year 2011.
- 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 2011 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.

INTERNAL AUDIT FUNCTION

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

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

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

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2011 was RM50,329.00.

The Board is pleased to make the following disclosures pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad's Main Market 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 manage and reduce the risk, 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.

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

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 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 require the Board's approval.

2. The Audit Committee reviews the quarterly financial reports, annual financial statements and the internal audit reports on a periodic basis.

3. 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.

4. 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 has taken cognizance 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 2011

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associates are disclosed in Notes 10 and 11 to the financial statements respectively.

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

Results

	Group RM	Company RM
Profit net of tax	48,295,074	71,310,140
Attributable to:		
Owners of the parent	47,290,301	71,310,140
Non-controlling interests	1,004,773	-
	48,295,074	71,310,140

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

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

Dividends

The amount of dividends paid by the Company since 31 December 2010 were as follows:

	RM
(a) In respect of the financial year ended 31 December 2010:	
- Interim dividend of 5% tax exempt on 231,204,015 shares approved on 1 December 2010 and paid on 7 January 2011	11,560,201
- Final dividend of 5% tax exempt on 231,204,015 shares approved on 23 May 2011 and paid on 3 August 2011	11,560,201

Dividends (cont'd)

	RM
(b) In respect of the financial year ended 31 December 2011:	
- Interim dividend of 1% tax exempt and 4% single tier on 231,204,015 shares declared on 10 November 2011 and paid on 15 December 2011	11,560,201
	34,680,603

Subsequent to the financial year end, on 24 February 2012, the Directors declared a second interim single tier dividend of 5%, with the total amounting to approximately RM11,560,201 in respect of the current financial year. This is computed based on the issued and paid-up capital as at 31 December 2011, excluding treasury shares held by the Company, of 231,204,015 ordinary shares of RM1 each, to be paid and distributed to shareholders whose names appear in the Record of Depositors at the close of business on 15 March 2012. The financial statements for the current financial year do not reflect these dividends. Upon declaration, the cash dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2012. The Directors do not propose any final dividend for the financial year ended 31 December 2011.

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 Annual General Meetings of the Company and was last renewed on 15 June 2011. This authority will expire at the conclusion of the forthcoming Annual General Meeting ("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 2011, the total number of treasury shares held by the Company is 355,000 ordinary shares.

Directors

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

Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat
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

In accordance with the Company's Articles of Association, Dato' Yogesvaran a/l T Arianayagam and Mr Lim Kong Yow retire from the board at the forthcoming AGM and, being eligible, offer themselves for re-election.

In accordance with Section 129(2) of the Companies Act, 1965, Dato' Shahbudin bin Iman Mohamad retires at the forthcoming AGM.

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of its related corporation as shown in Note 45 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' interests

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

	← Number of ordinary shares of RM1.00 each →			
	1.1.2011	**Acquired**	**Sold**	**31.12.2011**
The Company				
Direct Interest:				
Dato' Surin Upatkoon	786,630	-	-	786,630
Tang King Hua	12,030,800	-	-	12,030,800
Lim Kong Yow	48,000	-	-	48,000
Lawrence Lim Swee Lin	424,000	-	-	424,000
Tan Chor Teck	350,000	24,000	-	374,000

Directors' interests (cont'd)

	Number of ordinary shares of RM1.00 each			
	1.1.2011	Acquired	Sold	31.12.2011
The Company				
Deemed Interest:				
Dato' Surin Upatkoon	75,100,939	-	-	75,100,939
Tang King Hua	2,181,700	-	-	2,181,700
Lim Kong Yow	4,000	-	-	4,000
Lawrence Lim Swee Lin	287,000	-	-	287,000
Tan Chor Teck	9,719,680	131,800	-	9,851,480

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 in office at the end of the financial year 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 in the following subsidiaries:

	Number of ordinary shares of RM1.00 each			
	1.1.2011	Acquired	Sold	31.12.2011
Subsidiary - Davex (Malaysia) Sdn Bhd				
Direct Interest	127,000	-	-	127,000
Subsidiary - Phili-Orient Lines (Penang) Sdn Bhd				
Direct Interest	60,392	-	-	60,392
Subsidiary - Daviscomms (S) Pte Ltd				
Direct Interest	24,000	-	-	24,000

Other statutory information

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

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

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Other statutory information (cont'd)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

(i) any material charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any material contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Subsequent events

Details of subsequent events are disclosed in Note 53 to the financial statements.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2012.

Tang King Hua **Lim Kong Yow**

Statement By Directors
Pursuant To Section 169(15) Of The Companies Act, 1965

We, Tang King Hua and Lim Kong Yow, being two of the directors of MWE Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 36 to 133 are 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 at 31 December 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 55 to the financial statements on page 134 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2012.

Tang King Hua **Lim Kong Yow**

Statutory Declaration
Pursuant To Section 169(16) Of The Companies Act, 1965

I, Lim Kong Yow, being the director primarily responsible for the financial management of MWE Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 134 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Lim Kong Yow at
Kuala Lumpur, Federal Territory on
12 April 2012. **Lim Kong Yow**

Before me,

Hamzah Bin Haji Sulaiman (W298)
Commissioner for Oaths

Independent Auditors' Report
To The Members Of MWE Holdings Berhad

(Incorporated In Malaysia)

Report on the financial statements

We have audited the financial statements of MWE Holdings Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 36 to 133.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with 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 at 31 December 2011 and of their financial performance and cash flows for the year then ended.

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 the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 10 to the financial statements that have been included in the consolidated financial statements.

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

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

Other matters

The supplementary information set out in Note 55 to the financial statements on page 134 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

Ernst & Young
AF: 0039
Chartered Accountants
Kuala Lumpur, Malaysia
12 April 2012

Lee Seng Huat
No. 2518/12/13 (J)
Chartered Accountant

Statements Of Financial Position
As At 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Assets					
Non-current assets					
Property, plant and equipment	4	104,548,642	100,787,363	-	-
Investment properties	5	56,444,500	66,192,950	-	-
Biological assets	6	9,697,148	10,311,241	-	-
Land use rights	7	26,561,256	27,061,425	-	-
Intangible assets	8	16,832,236	17,045,950	-	-
Land held for property development	9	27,631,154	38,181,089	-	-
Investment in subsidiaries	10	-	-	314,298,038	359,734,795
Investment in associates	11	2,657,001	36,090,616	1	1
Other investments	12	187,652,432	69,477,930	182,439,977	63,328,523
Deferred tax assets	13	982,175	910,850	-	-
Amount due from subsidiaries	14	-	-	13,937,692	18,245,810
		433,006,544	366,059,414	510,675,708	441,309,129
Current assets					
Inventories	15	74,370,944	77,464,041	-	-
Property development costs	16	6,701,040	7,283,022	-	-
Gross amount due from customers	17	-	-	-	-
Trade and other receivables	18	75,405,467	87,877,207	9,692,305	7,000
Amount due from subsidiaries	14	-	-	17,908,602	16,589,898
Amount due from associates	19	14,100,144	9,387,518	-	-
Accrued billing in respect of property development cost		3,713,234	806,087	-	-
Prepayments		2,592,780	2,406,244	-	-
Current tax receivable		4,022,781	3,228,679	865,791	1,189,296
Cash and bank balances	20	121,290,270	56,833,661	2,252,479	608,586
Derivatives	21	6,170	-	-	-
		302,202,830	245,286,459	30,719,177	18,394,780
Non-current assets held for sale	22	-	12,347,250	-	-
		302,202,830	257,633,709	30,719,177	18,394,780
Total assets		735,209,374	623,693,123	541,394,885	459,703,909

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Equity and liabilities					
Current liabilities					
Gross amount due to customers	17	-	-	-	-
Trade and other payables	30	90,041,701	87,493,024	9,509,193	4,207,796
Amount due to subsidiaries	14	-	-	8,015,933	85,962,136
Amount due to associates	19	-	84,691	-	-
Progress billing in respect of property development cost		6,767	945,843	-	-
Loans and borrowings	27	89,299,296	59,762,908	83,316,808	49,300,000
Current tax payable		5,143,190	5,223,071	-	-
Derivatives	21	-	1,003,141	-	-
		184,490,954	154,512,678	100,841,934	139,469,932
Non-current liabilities held for sale	22	-	16,867,382	-	-
		184,490,954	171,380,060	100,841,934	139,469,932
Net current assets/(liabilities)		117,711,876	86,253,649	(70,122,757)	(121,075,152)
Non-current liabilities					
Loans and borrowings	27	80,734,019	18,887,787	72,600,000	15,200,000
Deferred tax liabilities	13	2,007,943	2,871,190	-	-
Deferred income	29	14,142,132	14,384,847	-	-
		96,884,094	36,143,824	72,600,000	15,200,000
Total liabilities		281,375,048	207,523,884	173,441,934	154,669,932
Net assets		453,834,326	416,169,239	367,952,951	305,033,977
Equity attributable to owners of the parent					
Share capital	23	231,559,015	231,559,015	231,559,015	231,559,015
Reserves	24	203,298,117	165,307,650	136,628,777	73,709,803
Treasury shares	25	(234,841)	(234,841)	(234,841)	(234,841)
		434,622,291	396,631,824	367,952,951	305,033,977
Non-controlling interests		19,212,035	19,537,415	-	-
Total equity		453,834,326	416,169,239	367,952,951	305,033,977
Total equity and liabilities		735,209,374	623,693,123	541,394,885	459,703,909

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements Of Comprehensive Income
For The Year Ended 31 December 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Revenue	31	501,349,643	489,908,425	91,907,618	34,657,471
Cost of sales	32	(378,226,260)	(374,545,173)	-	-
Gross profit		123,123,383	115,363,252	91,907,618	34,657,471
Other items of income					
Interest income	33	2,816,819	1,231,937	2,310,729	2,228,015
Net gain/(loss) from investments	34	16,085,430	-	(2,139,012)	(10,000,000)
Other income	35	5,388,050	6,207,438	1,127,164	778,754
Other items of expense					
Administrative expenses		(62,857,021)	(61,374,695)	(9,183,702)	(2,746,871)
Marketing and distribution		(16,882,980)	(17,649,313)	-	-
Finance costs	36	(6,709,530)	(4,125,848)	(4,504,602)	(2,762,765)
Share of results of associates		(232,425)	10,751,732	-	-
Profit before tax	37	60,731,726	50,404,503	79,518,195	22,154,604
Income tax expense	38	(12,436,652)	(10,241,520)	(8,208,055)	(2,403,129)
Profit net of tax		48,295,074	40,162,983	71,310,140	19,751,475
Other comprehensive income:					
Fair value gain on available-for-sale financial assets		26,289,437	8,410,939	26,289,437	8,410,939
Realisation of capital reserve		(450,000)	-	-	-
Foreign currency translation		(288,815)	(6,278,033)	-	-
Other comprehensive income for the year		25,550,622	2,132,906	26,289,437	8,410,939
Total comprehensive income for the year		73,845,696	42,295,889	97,599,577	28,162,414

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Profit attributable to:					
Owners of the parent		47,290,301	44,365,405	71,310,140	19,751,475
Non-controlling interests		1,004,773	(4,202,422)	-	-
		48,295,074	40,162,983	71,310,140	19,751,475
Total comprehensive income attributable to:					
Owners of the parent		72,671,070	50,994,946	97,599,577	28,162,414
Non-controlling interests		1,174,626	(8,699,057)	-	-
		73,845,696	42,295,889	97,599,577	28,162,414
Earnings per ordinary share attributable to owners of the parent (sen per share):					
Basic/diluted	39	20.45	19.19		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement Of Changes In Equity
For The Year Ended 31 December 2011

	Attributable to owners of the parent										
	Non-distributable							Distributable			
	Share capital (Note 23) RM	Share premium (Note 24) RM	Treasury shares (Note 25) RM	Exchange translation reserve (Note 24) RM	Capital reserve (Note 24) RM	Revaluation reserve (Note 24) RM	Fair value reserve (Note 24) RM	Retained earnings (Note 26) RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 January 2010	231,559,015	23,586,099	(234,841)	6,717,459	1,154,156	3,636,411	-	66,150,240	332,568,539	29,312,239	361,880,778
Effects of adopting FRS 139	-	-	-	-	-	-	21,764,322	552,177	22,316,499	46,233	22,362,732
	231,559,015	23,586,099	(234,841)	6,717,459	1,154,156	3,636,411	21,764,322	66,702,417	354,885,038	29,358,472	384,243,510
Total comprehensive income	-	-	-	(1,781,398)	-	-	8,410,939	44,365,405	50,994,946	(8,699,057)	42,295,889
Transactions with owners:											
Dividends on ordinary shares	-	-	-	-	-	-	-	(9,248,160)	(9,248,160)	(1,122,000)	(10,370,160)
At 31 December 2010	231,559,015	23,586,099	(234,841)	4,936,061	1,154,156	3,636,411	30,175,261	101,819,662	396,631,824	19,537,415	416,169,239
At 1 January 2011	231,559,015	23,586,099	(234,841)	4,936,061	1,154,156	3,636,411	30,175,261	101,819,662	396,631,824	19,537,415	416,169,239
Total comprehensive income	-	-	-	(458,668)	(450,000)	-	26,289,437	47,290,301	72,671,070	1,174,626	73,845,696
Transactions with owners:											
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	(427,131)	(427,131)
Liquidation of subsidiary	-	-	-	-	-	-	-	-	-	(25,675)	(25,675)
Dividends on ordinary shares	-	-	-	-	-	-	-	(34,680,603)	(34,680,603)	(1,047,200)	(35,727,803)
	-	-	-	-	-	-	-	(34,680,603)	(34,680,603)	(1,500,006)	(36,180,609)
At 31 December 2011	231,559,015	23,586,099	(234,841)	4,477,393	704,156	3,636,411	56,464,698	114,429,360	434,622,291	19,212,035	453,834,326

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Non-distributable				Distributable	
	Share capital (Note 23) RM	Share premium (Note 24) RM	Treasury shares (Note 25) RM	Fair value reserve (Note 24) RM	retained earnings (Note 26) RM	Total RM
At 1 January 2010	231,559,015	23,586,099	(234,841)	-	8,878,605	263,788,878
Effects of adopting FRS 139	-	-	-	21,764,322	566,523	22,330,845
	231,559,015	23,586,099	(234,841)	21,764,322	9,445,128	286,119,723
Total comprehensive income	-	-	-	8,410,939	19,751,475	28,162,414
Dividends paid (Note 40)	-	-	-	-	(9,248,160)	(9,248,160)
At 31 December 2010	231,559,015	23,586,099	(234,841)	30,175,261	19,948,443	305,033,977
At 1 January 2011	231,559,015	23,586,099	(234,841)	30,175,261	19,948,443	305,033,977
Total comprehensive income	-	-	-	26,289,437	71,310,140	97,599,577
Dividends paid (Note 40)	-	-	-	-	(34,680,603)	(34,680,603)
At 31 December 2011	231,559,015	23,586,099	(234,841)	56,464,698	56,577,980	367,952,951

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements Of Cash Flows
For The Year Ended 31 December 2011

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cash flows from operating activities				
Profit before tax	60,731,726	50,404,503	79,518,195	22,154,604
Adjustments for:				
Depreciation of property, plant and equipment	8,522,282	7,913,029	-	-
Net fair value (gain)/loss on derivative assets/liabilities	(1,009,311)	913,739	-	-
Gain on disposal of property, plant and equipment	(659,068)	(454,750)	-	-
Gain on disposal of investment property	(41,000)	-	-	-
Property, plant and equipment written off	3,556	226,172	-	-
Fair value adjustment on investment properties	(491,250)	-	-	-
Amortisation of biological assets	614,093	614,094	-	-
Amortisation of land use rights	500,169	500,169	-	-
Net (gain)/loss from investments (Note 34)	(16,085,430)	-	2,139,012	10,000,000
Reversal of write-down of inventories	-	(135,771)	-	-
Share of profit of associates	232,425	(10,751,732)	-	-
Impairment of goodwill	-	16,783	-	-
Write-down of invesment	5	-	5	-
Write-down of inventories	391,386	1,274,902	-	-
Impairment loss on				
- trade receivables	394,431	650,194	-	-
- other receivables	5,938,448	1,029,238	1,809,889	361,177
- advances to subsidiaries	-	-	-	628,479
- advances to associates	-	1,150,000	-	-
Reversal of impairment loss on				
- trade receivables	(259,486)	(139,627)	-	-
- other receivables	-	(4,482)	-	-
- advances to subsidiaries	-	-	(1,046,000)	(778,754)
Bad debts written off	224,419	3,847,501	36,070	-
Unrealised foreign exchange gain	(2,194,351)	(4,128,288)	-	-
Realisation of capital reserve	(450,000)	-	-	-
Gross dividend income	(7,951,128)	(2,148,271)	(91,907,618)	(34,657,471)
Interest income	(2,816,819)	(1,231,937)	(2,310,729)	(2,228,015)
Interest expenses	6,709,530	4,125,848	4,504,602	2,762,765
Operating profit/(loss) before working capital changes	52,304,627	53,671,314	(7,256,574)	(1,757,215)
Changes in inventories	3,336,408	(8,498,528)	-	-
Changes in property development costs	11,131,917	163,453	-	-
Changes in receivables	4,830,006	(11,509,282)	(5,699,878)	(2,252)
Changes in payables	3,758,810	3,909,668	5,301,397	(1,544,352)
Changes in trade line borrowings	(5,565,355)	3,281,021	-	-
Cash generated from/(used in) operations	69,796,413	41,017,646	(7,655,055)	(3,303,819)
Interest received	2,816,819	1,231,937	1,188,363	1,433,659
Interest paid	(6,709,530)	(4,125,848)	(4,504,602)	(2,762,765)
Tax (paid)/refunded	(14,328,804)	(10,980,475)	554,806	(532,149)
Net cash generated from/(used in) operating activities	51,574,898	27,143,260	(10,416,488)	(5,165,074)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash flows from investing activities				
Purchase of property, plant and equipment	(12,434,951)	(16,420,388)	-	-
Purchase of investment properties	(3,719,300)	(1,030,450)	-	-
Purchase of associates	(75,648)	-	-	-
Purchase of other investments	(94,009,167)	(7,044,321)	(94,009,167)	(7,044,316)
Proceed from disposal of associate	27,279,477	-	27,279,477	-
Proceeds from disposal of property, plant and equipment	2,023,505	668,092	-	-
Proceeds from disposal of investment properties	14,000,000	-	-	-
Proceeds from disposal of other investments	2,415,635	-	2,415,635	-
Acquisition of subsidiaries, net of cash (Note 41)	-	(1,476,166)	-	-
Disposal of subsidiary, net of cash (Note 42)	(1,127,225)	-	-	-
Redemption of preference shares in an investee company	3,250,000	2,000,000	-	-
Net advances/(repayment) to subsidiaries	-	-	5,157,780	(14,596,578)
Capital return by a subsidiary	-	-	15,966,756	-
Dividends received from subsidiaries	-	-	65,842,480	30,377,900
Dividends received from associates	5,895,600	4,161,150	5,895,600	-
Dividends received from other investments	7,951,128	2,148,271	5,968,797	2,148,271
Net cash (used in)/generated from investing activities	(48,550,946)	(16,993,812)	34,517,358	10,885,277
Cash flows from financing activities				
Repayment of bank borrowings	(11,667,493)	(4,603,289)	(11,200,000)	(5,946,408)
Repayment of hire purchase and finance lease instalments	(1,646,890)	(1,325,913)	-	-
Bank borrowings raised	104,670,000	20,100,000	99,090,000	20,100,000
Repayment to subsidiaries	-	-	(79,193,182)	(9,750,131)
Dividends paid to shareholders	(34,680,603)	(9,248,160)	(34,680,603)	(9,248,160)
Dividends paid to non-controlling interests	(1,047,200)	(1,122,000)	-	-
Net cash generated from/(used in) financing activities	55,627,814	3,800,638	(25,983,785)	(4,844,699)
Net increase/(decrease) in cash and cash equivalents	58,651,766	13,950,086	(1,882,915)	875,504
Effects of foreign exchange rate changes	110,160	(691,953)	-	-
	58,761,926	13,258,133	(1,882,915)	875,504
Cash and bank balances at beginning of year	58,033,645	45,931,964	608,586	(266,918)
Effects of foreign exchange rate changes	676,463	(1,156,452)	-	-
	58,710,108	44,775,512	608,586	(266,918)
Cash and bank balances at end of year	117,472,034	58,033,645	(1,274,329)	608,586
Represented by:				
Cash and bank balances	121,290,270	58,125,180	2,252,479	608,586
Bank overdrafts	(3,818,236)	(91,535)	(3,526,808)	-
	117,472,034	58,033,645	(1,274,329)	608,586

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Penang.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associates are disclosed in Note 10 and 11 respectively. There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods as stated below:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
FRS 3 Business Combinations	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010

2. **Summary of significant accounting policies (cont'd)**

2.2 Changes in accounting policies (cont'd)

Description	Effective for annual periods beginning on or after
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 1: Limited Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
IC Interpretation 4 Determining Whether an Arrangement contains a Lease	1 January 2011
Improvements to FRS issued in 2010	1 January 2011

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and of the Company except for those discussed below:

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in accounting for business combinations occurring after 1 July 2010. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

The revised FRS 3 continues to apply the acquisition method to business combinations but with some significant changes. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 49. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 50(b).

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Transfers of Financial Assets	1 January 2012
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 124 Related Party Disclosures	1 January 2012
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associate and Joint Ventures	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

Amendments to FRS 7: Transfers of Financial Assets

The amendments require additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendments requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets

The amendments clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in FRS 140 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in FRS 116 to be always measured on a sale basis of that asset.

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

FRS 10 Consolidated Financial Statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 11 Joint Arrangements

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-controlled Entities – Non-monetary Contributions by Venturers.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. The Group is currently assessing the impact of adoption of FRS 13.

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

2. **Summary of significant accounting policies (cont'd)**

2.3 Standards issued but not yet effective (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has commenced transitioning its accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework by establishing a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases:

(a) Assessment and planning phase

This phase involves the following:

(i) High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;
(ii) Evaluation of any training requirements; and
(iii) Preparation of a conversion plan.

The Group has commenced its assessment and planning phase, with work progressing in each of the areas described above. This phase is expected to be completed during the upcoming financial year.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)

(b) Implementation and review phase

This phase aims to:

(i) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;
(ii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework;
(iii) develop disclosures required by the MFRS Framework; and
(iv) develop training programs for the staff.

At the date of these financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2013.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.9(a). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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.

2.5 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.6 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. 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 for the period in which the investment is acquired.

2. Summary of significant accounting policies (cont'd)

2.7 Associates (cont'd)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

2.8 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

2. Summary of significant accounting policies (cont'd)

2.8 Foreign currency (cont'd)

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.9 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.8.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

2. Summary of significant accounting policies (cont'd)

2.9 Intangible assets (cont'd.)

(b) Club membership

Club membership was acquired separately and is carried at cost less accumulated impairment losses.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is stated at cost. Freehold land has an unlimited useful life and therefore is not depreciated. Capital-work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Leasehold land	Remaining lease term
Buildings	1% - 2%
Plant and machinery	7.5% - 40%
Motor vehicles	10% - 30%
Furniture, fixtures and equipment	10% - 50%

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

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

2. Summary of significant accounting policies (cont'd)

2.11 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss 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 under an operating lease classified as an investment property is carried at fair value.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.10 up to the date of change in use.

2.12 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.

2.13 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2. **Summary of significant accounting policies (cont'd)**

2.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.15 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

2. Summary of significant accounting policies (cont'd)

2.15 Financial assets (cont'd)

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the two preceding categories and not classified as held to maturity investments.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

2. Summary of significant accounting policies (cont'd)

2.15 Financial assets (cont'd)

(c) Available-for-sale financial assets (cont'd)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, the date that the Group's and the Company commit to purchase or sell the asset.

2.16 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables and amounts due from associates, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.16 Impairment of financial assets (cont'd)

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.18 Land held for property development and property development costs

(a) 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 within non-current assets and is stated at cost less any accumulated impairment losses.

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.

2. Summary of significant accounting policies (cont'd)

2.18 Land held for property development and property development costs (cont'd)

(b) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

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

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

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

2.19 Construction contracts

The Group's construction contracts comprise fixed price contracts. Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

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

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

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

2. Summary of significant accounting policies (cont'd)

2.19 Construction contracts (cont'd)

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

2.20 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.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average, first-in first-out basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.22 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

2. Summary of significant accounting policies (cont'd)

2.22 Financial liabilities (cont'd)

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.23 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2. **Summary of significant accounting policies (cont'd)**

2.24 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.25 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.28(d).

2. Summary of significant accounting policies (cont'd)

2.26 Non-current assets held for sale

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 profit or loss 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 profit or loss to the extent any cumulative impairment loss that has been recognised previously in the profit or loss.

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 with a view to resale.

2.27 Employee benefits

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Termination benefit

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.

(c) 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 profit or loss as and when incurred.

2. **Summary of significant accounting policies (cont'd)**

2.28 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) 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 profit or loss when significant risks and rewards of ownership have been transferred to the customers.

(b) 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.

(c) 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.

(d) Rental income

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

(e) Sale of development properties

Property development revenue is recognised in the profit or loss 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.

(f) Dividend income

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

2. **Summary of significant accounting policies (cont'd)**

2.28 Revenue (cont'd)

(g) Interest income

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

(h) 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 statement of financial position as deferred income.

2.29 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.29 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2. Summary of significant accounting policies (cont'd)

2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 52, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.31 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.32 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.33 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. Significant accounting judgements and estimates

he preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3. Significant accounting judgements and estimates

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification of between investment properties and property, plant and equipment

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.

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.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of investments in subsidiaries

The Company has carried out the impairment test based on the estimate of the higher of the value-in-use or fair value less cost to sell of the cash-generating units ("CGU") to which the investments in subsidiaries belong to.

Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the CGU and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of investment in subsidiaries of the Company as at 31 December 2011 amounted to RM314,298,038 (2010: RM359,734,795) as disclosed in Note 10.

3. Significant accounting judgements and estimates (cont'd)

(b) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 8.

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 18.

(d) Property development

The Group recognises property development revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 9 and 16.

(e) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences. The total carrying value of unrecognised temporary differences of the Group was RM51,081,958 (2010: RM54,336,920). Further details are disclosed in Note 13.

4. Property, plant and equipment

	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fixtures and equipment RM	Capital work-in-progress RM	Total RM
Group									
At 31 December 2011									
At cost									
At 1 January 2011	3,213,857	23,675,427	6,532,484	62,915,699	56,456,966	14,512,906	29,250,123	5,498,396	202,055,858
Additions	-	-	-	5,665,728	5,601,878	2,173,863	893,360	478,122	14,812,951
Disposals	-	(1,183,516)	-	-	(1,362,092)	(1,291,756)	(234,772)	-	(4,072,136)
Write-off	-	-	-	-	(4,199)	-	(43,924)	-	(48,123)
Reclassication	-	-	-	5,976,518	-	-	-	(5,976,518)	-
Disposal of a subsidiary	-	-	-	-	-	(2,968,730)	(78,937)	-	(3,047,667)
Exchange differences	-	-	-	121,653	251,862	73,524	130,878	-	577,917
At 31 December 2011	3,213,857	22,491,911	6,532,484	74,679,598	60,944,415	12,499,807	29,916,728	-	210,278,800
Accumulated depreciation									
At 1 January 2011	-	3,970,235	950,639	14,307,001	48,747,745	8,066,888	25,225,987	-	101,268,495
Charge for the year	-	259,821	138,399	1,204,719	2,364,883	2,677,288	1,877,172	-	8,522,282
Disposals	-	(54,661)	-	-	(1,344,344)	(1,112,009)	(196,685)	-	(2,707,699)
Write-off	-	-	-	-	(4,195)	-	(40,372)	-	(44,567)
Disposal of a subsidiary	-	-	-	-	-	(1,682,720)	(47,174)	-	(1,729,894)
Exchange differences	-	-	-	41,758	211,396	48,410	119,977	-	421,541
At 31 December 2011	-	4,175,395	1,089,038	15,553,478	49,975,485	7,997,857	26,938,905	-	105,730,158
Net carrying amount									
At 31 December 2011	3,213,857	18,316,516	5,443,446	59,126,120	10,968,930	4,501,950	2,977,823	-	104,548,642
Group									
At 31 December 2010									
At cost									
At 1 January 2010	-	23,675,427	4,404,644	62,498,775	56,875,372	12,686,089	29,380,380	1,237,314	190,758,001
Additions	3,213,857	-	2,127,840	951,309	2,504,105	3,508,600	1,332,095	4,261,082	17,898,888
Disposals	-	-	-	-	(1,287,271)	(1,135,227)	(566,829)	-	(2,989,327)
Write-off	-	-	-	(87,086)	(605,911)	(351,168)	(456,138)	-	(1,500,303)
Reclassified to non-current asset held for sale	-	-	-	-	(640,702)	(250,150)	(416,471)	-	(1,307,323)
Exchange differences	-	-	-	(447,299)	(388,627)	54,762	(22,914)	-	(804,078)
At 31 December 2010	3,213,857	23,675,427	6,532,484	62,915,699	56,456,966	14,512,906	29,250,123	5,498,396	202,055,858

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

	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fixtures and equipment RM	Capital work-in-progress RM	Total RM
Group									
At 31 December 2010									
Accumulated depreciation									
At 1 January 2010	-	3,719,450	817,711	13,452,478	48,642,790	7,468,642	24,838,604	-	98,939,675
Charge for the year	-	273,614	110,099	1,057,047	2,658,573	2,153,623	1,660,073	-	7,913,029
Disposals	-	-	-	-	(1,203,239)	(1,090,160)	(482,586)	-	(2,775,985)
Write-off	-	-	-	(87,077)	(451,996)	(351,167)	(383,891)	-	(1,274,131)
Reclassified to non-current asset held for sale	-	-	-	-	(620,549)	(155,353)	(383,040)	-	(1,158,942)
Reclassication	-	(22,829)	22,829	-	-	-	-	-	-
Exchange differences	-	-	-	(115,447)	(277,834)	41,303	(23,173)	-	(375,151)
At 31 December 2010	-	3,970,235	950,639	14,307,001	48,747,745	8,066,888	25,225,987	-	101,268,495
Net carrying amount									
At 31 December 2010	3,213,857	19,705,192	5,581,845	48,608,698	7,709,221	6,446,018	4,024,136	5,498,396	100,787,363

(a) During the financial year, the Group acquired property, plant and equipment amounting to RM14,812,951 (2010: RM17,898,888) of which RM2,378,000 (2010: RM1,478,500) was financed under hire purchase and finance lease arrangement.

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

	Group 2011 RM	Group 2010 RM
At net carrying amount		
Plant and machinery	2,053,206	1,659,036
Motor vehicles	1,946,399	2,629,548
	3,999,605	4,288,584

Details of the terms and condition of the hire purchase and finance lease arrangements are disclosed in Note 28.

4. **Property, plant and equipment (cont'd)**

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

	Group 2011 RM	Group 2010 RM
At net carrying amount		
Long term leasehold land	17,016,087	17,040,004
Buildings	35,110,589	33,906,484
Plant and machinery	389,975	427,419
Motor vehicles	924,249	1,094,976
Furniture, fixtures and equipment	329,335	480,708
	53,770,235	52,949,591

5. **Investment properties**

	Group 2011 RM	Group 2010 RM
At fair value		
At 1 January	66,192,950	65,162,500
Addition	3,719,300	1,030,450
Disposals	(13,959,000)	-
Fair value adjustments	491,250	-
At 31 December	56,444,500	66,192,950
Investment properties consist of:		
Freehold land and buildings	45,669,500	42,078,950
Long term leasehold land and buildings	10,775,000	24,114,000
	56,444,500	66,192,950

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.

5. Investment properties (cont'd)

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

	2011 RM	2010 RM
At net carrying amount		
Freehold land and buildings	32,948,500	32,948,500
Long term leasehold land and buildings	8,000,000	21,521,000
	40,948,500	54,469,500

6. Biological assets

	Group 2011 RM	 2010 RM
Oil palm plantation development expenditure		
Cost		
At 1 January/At 31 December	12,000,000	12,000,000
Accumulated amortisation		
At 1 January	1,688,759	1,074,665
Amortisation for the year	614,093	614,094
At 31 December	2,302,852	1,688,759
Net carrying amount		
At 31 December	9,697,148	10,311,241

7. Land use rights

	Long term leasehold land RM	Short term leasehold land RM	Total RM
Group			
At 31 December 2011			
Cost			
At 1 January 2011/31 December 2011	28,000,000	602,608	28,602,608
Accumulated amortisation			
At 1 January 2011	1,320,226	220,957	1,541,183
Charge for the year	480,082	20,087	500,169
At 31 December 2011	1,800,308	241,044	2,041,352
Net carrying amount			
At 31 December 2011	26,199,692	361,564	26,561,256
Amount to be amortised:			
- Not later than one year	480,082	20,087	500,169
- Later than one year but not later than five years	1,920,328	80,348	2,000,676
- Later than five years	23,799,282	261,129	24,060,411
Cost			
At 1 January 2010/31 December 2010	28,000,000	602,608	28,602,608
Accumulated amortisation			
At 1 January 2010	840,144	200,870	1,041,014
Charge for the year	480,082	20,087	500,169
At 31 December 2010	1,320,226	220,957	1,541,183
Net carrying amount			
At 31 December 2010	26,679,774	381,651	27,061,425
Amount to be amortised:			
- Not later than one year	480,082	20,087	500,169
- Later than one year but not later than five years	1,920,328	80,348	2,000,676
- Later than five years	24,279,364	281,216	24,560,580

8. **Intangible assets**

	Goodwill RM	Group Club membership RM	Total RM
Cost:			
At 1 January 2010	30,128,671	284,363	30,413,034
Acquisition of a subsidiary	2,114,000	-	2,114,000
Winding up of a subsidiary	(415,116)	-	(415,116)
At 31 December 2010 and 1 January 2011	31,827,555	284,363	32,111,918
Disposal of a subsidiary	(216,065)	-	(216,065)
Exchange differences	-	6,721	6,721
At 31 December 2011	31,611,490	291,084	31,902,574
Accumulated impairment:			
At 1 January 2010	15,299,605	164,696	15,464,301
Winding up of a subsidiary	(415,116)	-	(415,116)
Impairment loss recognised	16,783	-	16,783
At 31 December 2010 and 1 January 2011	14,901,272	164,696	15,065,968
Exchange differences	-	4,370	4,370
At 31 December 2011	14,901,272	169,066	15,070,338
Net carrying amount			
At 31 December 2010	16,926,283	119,667	17,045,950
At 31 December 2011	16,710,218	122,018	16,832,236

(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.

(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 flow beyond 5 years period are extrapolated at a pre-tax discount rate of 4% to 5% and a forecasted growth rate of 3% to 10%.

8. Intangible assets (cont'd)

(c) Sensitivity to changes in assumptions

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

9. Land held for property development

Group	Freehold land RM	Leasehold land RM	Total RM
2011			
Land at cost			
At 1 January	26,404,971	2,956,168	29,361,139
Disposal	(1,306,451)	-	(1,306,451)
Transfer to property development costs (Note 16)	-	(2,956,168)	(2,956,168)
At 31 December	25,098,520	-	25,098,520
Development costs			
At 1 January	2,343,737	6,476,213	8,819,950
Cost incurred during the year	198,443	-	198,443
Disposal	(9,546)	-	(9,546)
Transfer to property development costs (Note 16)	-	(6,476,213)	(6,476,213)
At 31 December	2,532,634	-	2,532,634
	27,631,154	-	27,631,154
2010			
Land at cost			
At 1 January	18,006,781	2,956,168	20,962,949
Additions	7,183,284	-	7,183,284
Acquisition of a subsidiary	7,218,230	-	7,218,230
Disposal	(6,003,324)	-	(6,003,324)
At 31 December	26,404,971	2,956,168	29,361,139
Development costs			
At 1 January	2,337,592	6,670,749	9,008,341
Cost incurred during the year	255,956	-	255,956
Disposal	(249,811)	-	(249,811)
Transfer to property development costs (Note 16)	-	(194,536)	(194,536)
At 31 December	2,343,737	6,476,213	8,819,950
	28,748,708	9,432,381	38,181,089

10. Investment in subsidiaries

	Company 2011 RM	Company 2010 RM
Unquoted shares at cost	377,552,364	394,039,120
Less: Accumulated impairment losses	(63,254,326)	(34,304,325)
	314,298,038	359,734,795

The Company's entire investment in a subsidiary amounting to RM37,079,042 (2010: RM37,079,042) has been pledged as security for a bank loan (Note 27).

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

Subsidiaries of the Company	Principal activities	Proportion of ownership interest 2011 %	Proportion of ownership interest 2010 %
Alu-Paste & Pigments Sdn Bhd *	Investment holding	90	90
Bay Potential Sdn Bhd **, #	Inactive	-	70
Davex Holdings Berhad *	Investment holding	100	100
First Cosmopolitan Sdn Bhd *	Investment holding	100	100
Ganda Pesona Sdn Bhd *	Provision of accounting, secretarial and insurance agency services	100	100
Metra Management Sdn Bhd *	Provision of share registration, management and secretarial services	100	100
MWE Advanced Structure Sdn Bhd *	Building construction	-	90
MWE Golf & Country Club Berhad *	Management of a golf course and clubhouse and the provision of landscaping services	100	100
MWE Properties Sdn Bhd *	Property investment and development, contracting and management agency services	100	100
MWE Spinning Mills Sdn Bhd *	Investment holding	100	100
MWE Weaving Mills Sdn Bhd *	Inactive	100	100

10. Investment in subsidiaries (cont'd)

Subsidiaries of the Company	Principal activities	Proportion of ownership interest 2011 %	2010 %
United Sweethearts Garment Sdn Bhd *	Manufacturing and sale of garments	100	100
Fauzi-Lim Plantation Sdn Bhd *	Manage and operate oil palm plantation	100	100
Etika Gangsa Sdn Bhd *	Dormant	100	100
Taka Worldwide Trading Sdn Bhd *	Dormant	100	100
Subsidiary of Alu-Paste & Pigments Sdn Bhd			
Dongfeng Commercial Vehicle (Malaysia) Sdn Bhd (formerly known as Quasar Industrial Vehicles Sdn Bhd)	Assembling and distributing of trucks	53	53
Subsidiaries of Davex Holdings Berhad			
Davex (Malaysia) Sdn Bhd *	General importer and supplier of electrical fittings, manufacturing and assembling of all range of electrical cable trunkings and lightings	93	93
Daviscomms (S) Pte Ltd (incorporated in the Republic of Singapore) **	Design, manufacturing and distribution of telecommunication products	68	68
Phili-Orient Lines (Penang) Sdn Bhd *	Provision of sea freight forwarding services	69	69
Round and Round Pte Ltd ** (incorporated in the Republic of Singapore)	Importing and exporting of electronic power conversion products	51	51
VXL Alliance Sdn Bhd *	Provision of transportation and logistics services	-	60

10. Investment in subsidiaries (cont'd)

Subsidiaries of the Company	Principal activities	Proportion of ownership interest 2011 %	2010 %
Subsidiaries of Davex (Malaysia) Sdn Bhd			
Davex Australia Pty Ltd ** (incorporated in Australia)	Manufacturer, wholesaler and importer of electrical goods	100	100
Davex Engineering (M) Sdn Bhd *	Manufacturing and assembling of a range of electrical cable trunkings and lightings	100	100
Davex Singapore Pte Ltd ** (incorporated in the Republic of Singapore)	Trading in electrical products and provision of engineering services	100	100
Davex Vietnam Company Limited (incorporated in Vietnam)	Dormant	100	-
Subsidiary of Daviscomms (S) Pte Ltd			
Daviscomms (Malaysia) Sdn Bhd *	Contract manufacturing of electronic products	100	100
Subsidiaries of Phili-Orient Lines (Penang) Sdn Bhd			
Phili-Orient Airfreight (Penang) Sdn Bhd *	Provision of international air and sea freight forwarding services	100	100
Subsidiary of Phili-Orient Airfreight (Penang) Sdn Bhd			
Phili-Orient Airfreight (Malaysia) Sdn Bhd *	Provision for air and sea freight forwarding services	100	100
Subsidiary of First Cosmopolitan Sdn Bhd			
Devanna Limited * (incorporated in British Virgin Islands)	Investment holding	100	100

10. Investment in subsidiaries (cont'd)

Subsidiaries of the Company	Principal activities	Proportion of ownership interest 2011 %	2010 %
Subsidiary of Metra Management Sdn Bhd			
Metra Nominees Sdn Bhd *	Provision of nominee services	100	100
Subsidiary of MWE Advanced Structure Sdn Bhd			
MWE Cedar Homes Sdn Bhd *	Inactive	-	70
Subsidiaries of MWE Properties Sdn Bhd			
Jurangjaya Sdn Bhd **	Property development and property management	60	60
Melati Mewah Sdn Bhd *	Property investment and development	100	100
Metra PMC Sdn Bhd *	Provision of property management services	100	100
MWE Development Sdn Bhd **, ^	Inactive	70	70
MWE Macadam Sdn Bhd *	Building construction	51	51
MWE Precast Concrete Sdn Bhd **	Inactive	100	100
MWE Tiravest Sdn Bhd *	Property development	60	60
Prime Achiever Sdn Bhd **	Rental of properties	100	100
Subsidiary of Jurangjaya Sdn Bhd			
Lup Ching Holdings Sdn Bhd **, ^	Inactive	100	100
Subsidiary of Melati Mewah Sdn Bhd			
Melati Mewah Property Services Sdn Bhd *	Provision of property management services	100	100
Versatile Development Sdn Bhd **	Property development	100	100

10. Investment in subsidiaries (cont'd)

Subsidiaries of the Company	Principal activities	Proportion of ownership interest 2011 %	2010 %
Subsidiaries of MWE Spinning Mills Sdn Bhd			
MWE Textile Industries Sdn Bhd *	Renting of its investment properties	100	100
United Sweethearts Garment (Vietnam) Co Ltd ** (incorporated in Vietnam)	Production of garment products for export	100	100

^ *These subsidiaries were dissolved on 7 January 2012, pursuant to Section 272(5) of the Companies Act, 1965*

Struck off from the register on 2 March 2011

* *Audited by Ernst & Young, Malaysia*

** *Audited by firms other than Ernst & Young*

The financial statements of the above subsidiaries are coterminous with those of the Group, except for Versatile Development Sdn Bhd which has a financial year end of 30 June. For the purpose of consolidating in the previous financial year, the financial statements of Versatile Development Sdn Bhd for the year ended 30 June 2010 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2010 and that date.

At 31 December 2011, impairment losses on value of investment in certain subsidiaries were made based on their net tangible asset values at 31 December 2011. 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.

The management reviews the carrying amount of the investment in subsidiaries at each reporting 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.

The recoverable amount is determined based on value-in-use calculations using the approved cash flow projections by the management. 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.

11. Investments in associates

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Unquoted shares at cost	20,196,934	21,368,265	16,747,096	16,747,096
Less: Accumulated impairment losses	-	-	(16,747,095)	(16,747,095)
	20,196,934	21,368,265	1	1
Group's share of post- acquisition reserves and profit	(17,539,933)	14,722,351	-	-
	2,657,001	36,090,616	1	1

	Group	
	2011	2010
	RM	RM
Represented by:		
Attributable share of net assets of associates	2,657,001	36,090,616

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

	Group	
	2011	2010
	RM	RM
Share of loss not recognised		
- in the current year	(264,270)	(418,033)
- cumulatively	(5,469,897)	(5,205,627)

11. Investments in associates (cont'd)

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

Name of associates	Principal activities	Proportion of ownership interest 2011 %	2010 %
Held by the Company:			
Premier Capital Holdings Sdn Bhd	Investment holding	30	30
Held through subsidiaries:			
PI International Holdings Ltd (incorporated in British Virgin Islands)	Investment holding	-	44
Advanced Mobile Services & Solutions Sdn Bhd	Investment holding	36	36
Island Garden Development Sdn Bhd	Housing development	40	40
Ribuan Wangsa Sdn Bhd	Property development	50	50
Weld Quay Development Sdn Bhd	Property development and investment holding	50	50
CNT Garments Sdn Bhd	Sewing contractor of textiles and garments	20	20
Airport Automative Workshop Sdn Bhd	Operating of automative vehicle workshop	49	49
Sun Meridian Global Ltd (incorporated in British Virgin Islands)	Operating a textile and apparel manufacturing plant	50	-

All the above companies are audited by firms other than Ernst & Young

The financial statements of the above associates are coterminous with those of the Group, except for Premier Capital Holdings Sdn Bhd which has a financial year end of 31 March. For the purpose of applying the equity method of accounting, the financial statements of Premier Capital Holdings Sdn Bhd for the year ended 31 March 2011 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2011 and that date.

11. Investments in associates (cont'd)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2011 RM	2010 RM
Assets and liabilities		
Current assets	14,696,468	228,685,007
Non-current assets	15,423,628	45,737,248
Total assets	30,120,096	274,422,255
Current liabilities	(57,948,507)	(216,549,853)
Non-current liabilities	(15,100,000)	(15,433,523)
Total liabilities	(73,048,507)	(231,983,376)
Results		
Revenue	13,471,576	510,654,861
(Loss)/Profit for the year	(472,376)	28,480,208

12. Other investments

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Available-for-sale financial assets				
Equity instruments quoted in Malaysia:				
- At market value	177,067,178	59,220,509	177,067,173	59,220,504
Equity instruments quoted outside Malaysia:				
- At market value	97,198	114,209	97,198	114,209
Unquoted equity instruments at cost	36,547,944	36,203,100	20,479,523	19,197,727
Less: Accumulated impairment losses	(26,059,888)	(26,059,888)	(15,203,917)	(15,203,917)
	10,488,056	10,143,212	5,275,606	3,993,810
	187,652,432	69,477,930	182,439,977	63,328,523
Market value				
- equity instruments quoted in Malaysia	177,067,178	59,220,509	177,067,173	59,220,504
- equity instruments quoted outside Malaysia	97,198	114,209	97,198	114,209
	177,164,376	59,334,718	177,164,371	59,334,713

12. Other investments (cont'd)

The directors review the carrying amounts of other investments at each reporting date to determine whether there is any indication of impairment. 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 impairment loss of these investments.

Included in the other investments of the Group and of the Company are quoted investments of RM170,880,000 (2010: RM54,145,000) pledged to the bank for banking facilities granted to the Company.

13. Deferred tax

	Group	
	2011 RM	2010 RM
At 1 January	(1,960,340)	(2,200,708)
Effect of adoption of FRS 139	-	(198,490)
	(1,960,340)	(2,399,198)
Disposal of a subsidiary	41,581	-
Recognised in profit or loss (Note 38)	872,368	394,687
Exchange differences	20,623	44,171
At 31 December	(1,025,768)	(1,960,340)
Presented after appropriate offsetting as follows:		
Deferred tax assets	982,175	910,850
Deferred tax liabilities	(2,007,943)	(2,871,190)
	(1,025,768)	(1,960,340)

13. **Deferred tax (cont'd)**

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	Property, Plant and Equipment RM	Land Held For Property Development RM	Investment Properties RM	Unused Tax Losses & Unabsorbed Capital Allowances RM	Others RM	Total RM
Deferred tax assets of the Group:						
At 1 January 2011	-	-	-	(41,581)	1,115,729	1,074,148
Disposal of a subsidiary	-	-	-	41,581	-	41,581
Recognised in profit or loss	-	-	-	1,504,508	3,485	1,507,993
Exchange differences	-	-	-	-	21,303	21,303
At 31 December 2011	-	-	-	1,504,508	1,140,517	2,645,025
At 1 January 2010	-	-	-	13,941	1,024,246	1,038,187
Effect of adoption of FRS 139	-	-	-	-	(198,490)	(198,490)
	-	-	-	13,941	825,756	839,697
Recognised in profit or loss	-	-	-	(55,522)	247,184	191,662
Exchange differences	-	-	-	-	42,789	42,789
At 31 December 2010	-	-	-	(41,581)	1,115,729	1,074,148
Deferred tax liabilities of the Group:						
At 1 January 2011	(912,501)	(909,850)	(1,212,137)	-	-	(3,034,488)
Recognised in profit or loss	(44,157)	(591,468)	-	-	-	(635,625)
Exchange differences	(680)	-	-	-	-	(680)
At 31 December 2011	(957,338)	(1,501,318)	(1,212,137)	-	-	(3,670,793)
At 1 January 2010	(1,097,158)	(929,600)	(1,212,137)	-	-	(3,238,895)
Recognised in profit or loss	183,275	19,750	-	-	-	203,025
Exchange differences	1,382	-	-	-	-	1,382
At 31 December 2010	(912,501)	(909,850)	(1,212,137)	-	-	(3,034,488)

13. Deferred tax (cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2011	2010
	RM	RM
Unused tax losses	42,067,230	45,060,410
Unabsorbed capital allowances	3,883,318	4,598,936
Other deductible temporary differences	5,131,410	4,677,574
	51,081,958	54,336,920

Unused tax losses

At the reporting date, the Group has tax losses of approximately RM42,067,230 (2010: RM45,060,410) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

14. Amount due from/(to) subsidiaries

	Company	
	2011	2010
	RM	RM
Non-current		
Loan to subsidiaries	13,937,692	18,245,810
Current		
Amount due from subsidiaries	28,297,896	30,715,315
Less: Allowance for impairment	(10,389,294)	(14,125,417)
	17,908,602	16,589,898
Current		
Amount due to subsidiaries	(8,015,933)	(85,962,136)

14. Amount due from/(to) subsidiaries (cont'd)

(a) Amount due from subsidiaries

The loan to subsidiaries and amount due from subsidiaries are unsecured. The former are not expected to be repaid within the next 12 months while the latter are repayable on demand.

The amount due from subsidiaries was earning effective interest rates of between 0.50% and 5.77% (2010: 0.50% and 5.70%) per annum.

As at 31 December 2010, the Company had waived the full amount of advances given to a subsidiary amounting to RM130,738,099. The waiver had been treated as a further capital contribution.

(b) Amount due to subsidiaries

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

15. Inventories

	Group	
	2011 RM	2010 RM
Cost		
Finished goods	25,242,962	25,658,740
Raw materials	23,839,212	24,737,899
Work-in-progress	9,781,495	11,552,637
Consumable stores and spares	6,250,409	6,330,301
Commercial trucks held for sale	7,713,476	7,391,074
Inventories of completed development units	1,343,390	1,343,390
	74,170,944	77,014,041
Net realisable value		
Commercial trucks held for sale	200,000	450,000
	74,370,944	77,464,041

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM317,673,048 (2010: RM314,901,047).

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.

15. Inventories (cont'd)

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	
	2011 RM	2010 RM
Finished goods	13,944,803	19,398,132
Consumable stores and spares	5,870,319	6,132,844
Commercial trucks held for sale	7,913,476	7,841,074
	27,728,598	33,372,050

16. Property development costs

	Group	
	2011 RM	2010 RM
At 1 January		
Freehold land, at cost	6,086,400	6,086,400
Leasehold land, at cost	16,443,832	16,443,832
Development costs	79,535,547	78,032,894
	102,065,779	100,563,126
Add: Development costs incurred	804,353	1,308,117
Transfer from land held for property development (Note 9)		
- leasehold land	2,956,168	-
- development costs	6,476,213	194,536
	112,302,513	102,065,779
Less: Costs recognised as an expense in the income statement		
- Recognised in previous financial years	(94,782,757)	(92,125,083)
- Recognised during the year (Note 32)	(10,818,716)	(2,657,674)
	(105,601,473)	(94,782,757)
At 31 December	6,701,040	7,283,022

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.

17. Gross amount due from/(to) customers

	Group	
	2011 RM	2010 RM
Cost of contracts	-	309,649,900
Attributable profits recognised to-date	-	8,444,064
	-	318,093,964
Less: Progress billings to-date	-	(319,831,388)
	-	(1,737,424)
Reclassified to non-current assets held for sale (Note 22)	-	1,737,424
	-	-
Represented by:		
Gross amount due from customers	-	1,340,127
Gross amount due to customers	-	(3,077,551)
	-	(1,737,424)
Retention sums receivable from customers included in trade receivables	-	5,885,708

18. Trade and other receivables

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade receivables				
Third parties	64,610,687	84,485,796	-	-
Less: Allowance for impairment	(5,972,787)	(5,871,436)	-	-
Trade receivables, net	58,637,900	78,614,360	-	-
Other receivables				
Third parties	26,658,798	13,153,307	11,858,871	363,677
Less: Allowance for impairment	(11,916,058)	(5,785,095)	(2,171,066)	(361,177)
Other receivables, net	14,742,740	7,368,212	9,687,805	2,500
Deposits	2,024,827	1,894,635	4,500	4,500
	16,767,567	9,262,847	9,692,305	7,000
Total trade and other receivables	75,405,467	87,877,207	9,692,305	7,000

18. Trade and other receivables (cont'd)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Total trade and other receivables	75,405,467	87,877,207	9,692,305	7,000
Add: Cash and bank balances (Note 20)	121,290,270	56,833,661	2,252,479	608,586
Add: Amount due from subsidiaries (Note 14)	-	-	17,908,602	16,589,898
Add: Amount due from associates (Note 19)	14,100,144	9,387,518	-	-
Total loans and receivables	210,795,881	154,098,386	29,853,386	17,205,484

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. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables are granted credit periods of 7 to 120 (2010: 7 to 120) days.

Other receivables and deposits are from the normal business transactions of the Group. At 31 December 2010, included in the other receivables of the Group is an amount of RM4,017,650 prepaid purchase price of investments.

The collectibility of receivables is assessed on an ongoing basis. Allowance for impairment is made for any receivables when there is objective evidence that an impairment loss has been incurred.

The allowance for impairment is made based on a review of all outstanding amounts as at the reporting 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 allowance may be required. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2011 RM	2010 RM
Neither past due nor impaired	43,762,463	66,720,447
1 to 30 days past due not impaired	5,885,852	4,291,283
31 to 60 days past due not impaired	5,075,424	2,273,709
61 to 90 days past due not impaired	1,276,861	691,083
91 to 120 days past due not impaired	863,160	2,103,615
More than 121 days past due not impaired	1,774,011	2,502,414
	14,875,308	11,862,104
Impaired	5,972,916	5,903,245
Total	64,610,687	84,485,796

18. Trade and other receivables (cont'd)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM14,875,308 (2010: RM11,862,104) that are past due at the reporting date but not impaired and are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually Impaired	
	2011	2010
	RM	RM
Trade receivables - nominal amounts	5,972,916	5,903,245
Less : Allowance for impairment	(5,972,787)	(5,871,436)
	129	31,809

Movement in allowance accounts - trade receivables

	Group	
	2011	2010
	RM	RM
At 1 January	5,871,436	9,914,486
Effect of adopting FRS 139	-	(886,302)
	5,871,436	9,028,184
Charge for the year (Note 37)	394,431	650,194
Written off	(161,751)	(3,702,949)
Reversal of impairment losses (Note 35)	(259,486)	(139,627)
Exchange differences	128,157	35,634
At 31 December	5,972,787	5,871,436

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

18. Trade and other receivables (cont'd)

Other receivables that are impaired

At the reporting date, the Group and the Company have provided an allowance of RM11,916,058 (2010: RM5,785,095) and RM2,171,066 (2010: RM361,177) respectively for impairment of the unsecured advances given to third parties.

Movement in allowance accounts - other receivables

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At 1 January	5,785,095	5,177,375	361,177	-
Charge for the year (Note 37)	5,938,448	1,029,238	1,809,889	361,177
Reversal of impairment losses (Note 35)	-	(4,482)	-	-
Written off	-	(236,193)	-	-
Exchange differences	192,515	(180,843)	-	-
At 31 December	11,916,058	5,785,095	2,171,066	361,177

19. Amount due from/(to) associates

	2011 RM	2010 RM
Amount due from associates	15,250,144	10,537,518
Less: Allowance for impairment	(1,150,000)	(1,150,000)
	14,100,144	9,387,518
Amount due to associate	-	(84,691)

The amount due from/(to) the associates is unsecured, non-interest bearing and repayable on demand.

20. Cash and bank balances

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cash on hand and at banks	54,658,204	44,291,824	1,068,682	488,586
Deposits with:				
- Licensed banks in Malaysia	46,500,685	3,610,050	1,183,797	120,000
- Foreign banks	20,131,381	10,223,306	-	-
	121,290,270	58,125,180	2,252,479	608,586
Reclassified to non-assets held for sale (Note 22)	-	(1,291,519)	-	-
	121,290,270	56,833,661	2,252,479	608,586

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

- amounts of RM259,880 (2010: RM96,559) 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 RM9,191 (2010: RM5,206) 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 a subsidiary (Developers) and the purchasers.

- amounts of RM2,096 (2010: RM2,152) placed in trust accounts pursuant to Clauses 11.01, 12.02 and 13.01 of the Trust Deed entered into by a subsidiary with AmTrustee Berhad and Licensees of Monterez Golf & Country Club Bhd.

The effective interest rates of the deposits are as follows:

	Group 2011 %	Group 2010 %	Company 2011 %	Company 2010 %
Licensed banks in Malaysia	1.89 - 3.70	2.00 - 3.70	2.50 - 3.00	2.50
Foreign banks	14.00 - 15.00	10.00 - 14.00	-	-

All the deposits have maturity periods of less than one year.

Fixed deposits amounting to RM1,525,228 (2010: RM1,829,305) and RM183,016 (2010: RM120,000) of the Group and of the Company are pledged as securities for bank guarantees and other credit facilities granted to the Group and the Company.

20. Cash and bank balances (cont'd)

Included in fixed deposits of the Group are the following trust accounts for specific purposes:

- amounts of RM223,672 (2010: RM216,886) placed in trust accounts pursuant to Clauses 12.02 and 13.01 of the Trust Deed entered into by a subsidiary with AmTrustee Berhad and Licensees of Monterez Golf & Country Club Bhd.

- amounts of RM Nil (2010: RM28,392) 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 a subsidiary (Developers) and the purchasers.

21. Derivatives

	Group			
	2011 RM		2010 RM	
	Contract/ Notional Amount	Assets/ (Liabilities)	Contract/ Notional Amount	Assets/ (Liabilities)
Non-hedging derivatives:				
Current				
Forward currency contracts	6,593,675	6,170	21,201,260	(1,003,141)
Total held for trading financial assets/(liabilities)		6,170		(1,003,141)

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's receivables denominated in Australian Dollars (AUD) for which firm commitments existed at the reporting date, extending to April 2012 (2010: July 2011) (Note 50(d)).

During the financial year, the Group recognised a gain of RM1,009,311 (2010: loss of RM913,739) arising from fair value changes of derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 49.

22. Non-current assets/liabilities held for sale

In March 2011, the Company disposed its 90% owned subsidiary, MWE Advanced Structure Sdn Bhd ("MWEAS"), which was previously reported in the property segment. The decision is consistent with the Group's strategy to focus on its core businesses and to dispose companies which are either loss making and non-core to the Group's main business activities.

As at 31 December 2010, the assets and liabilities related to MWEAS have been presented in the statements of financial position as "Non-current assets held for sale" and "Non-current liabilities held for sale".

Statements of financial position disclosures

The non-current asset and non-current liabilities classified as held for sale on the statement of financial position as at 31 December 2010 are as follows:

	Group	
	2011 RM	2010 RM
Non-current assets held for sale:		
Property, plant and equipment (Note 4)	-	148,381
Gross amount due from customers (Note 17)	-	1,340,127
Trade and other receivables	-	9,554,725
Current tax assets	-	12,498
Cash and bank balances (Note 20)	-	1,291,519
	-	12,347,250
Non-current liabilities held for sale:		
Gross amount due to customers (Note 17)	-	(3,077,551)
Trade and other payables	-	(13,789,831)
	-	(16,867,382)
Net liabilities directly associated with disposal group classified as held for sale	-	(4,520,132)

23. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2011	2010	2011 RM	2010 RM
Authorised:				
At 1 January/31 December	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid:				
At 1 January/31 December	231,559,015	231,559,015	231,559,015	231,559,015

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

24. Reserves

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Non-distributable:				
Share premium account	23,586,099	23,586,099	23,586,099	23,586,099
Exchange translation reserve	4,477,393	4,936,061	-	-
Capital reserve	704,156	1,154,156	-	-
Fair value reserve	56,464,698	30,175,261	56,464,698	30,175,261
Revaluation reserve	3,636,411	3,636,411	-	-
	88,868,757	63,487,988	80,050,797	53,761,360
Distributable:				
Retained earnings	114,429,360	101,819,662	56,577,980	19,948,443
	203,298,117	165,307,650	136,628,777	73,709,803

(a) Exchange translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Capital reserve

The capital reserve represents the bonus shares issued by certain subsidiaries from the capitalisation of subsidiaries' post-acquisition reserves.

24. Reserves (cont'd)

(c) Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(d) Revaluation reserve

Revaluation reserve represents the cumulative fair value changes, net of tax, of a subsidiary's property, plant and equipment carried at cost less accumulated depreciation prior to its transfer to investment property which is carried at fair value.

25. Treasury shares

	2011 RM	2010 RM
At 1 January/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.

As at 31 December 2011, the number of treasury shares held is 355,000 (2010: 355,000) ordinary shares.

26. Retained earnings

As at 31 December 2011, the Company has tax exempt profits available for distribution of approximately RM9,319,000 (2010: RM19,240,000) of its retained earnings as tax exempt dividends, subject to the agreement of the Inland Revenue Board.

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has elected for the irrevocable option to disregard the 108 balance as at 31 December 2011. Hence, the Company will be able distribute dividends out of its entire retained earnings as at 31 December 2011 under the single tier system.

26. Retained earnings (cont'd)

The Company did not elect for the irrevocable option to disregard the 108 balance as at 31 December 2010. Accordingly, the Company may utilise the credit in the 108 balance as at 31 December 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2010, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

27. Loans and borrowings

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current				
Secured:				
Obligations under finance lease (Note 28)	819,589	1,306,416	-	-
Bankers' acceptances and trust receipts	1,536,000	387,000	-	-
Bank overdrafts	3,818,236	55,903	3,526,808	-
Revolving credit	75,690,000	46,600,000	75,190,000	46,100,000
Term loans	5,248,840	3,327,434	4,600,000	3,200,000
	87,112,665	51,676,753	83,316,808	49,300,000
Unsecured:				
Bankers' acceptances and trust receipts	886,631	6,714,355	-	-
Bank overdrafts	-	35,632	-	-
Revolving credit	1,300,000	1,300,000	-	-
Term loans	-	36,168	-	-
	2,186,631	8,086,155	-	-
	89,299,296	59,762,908	83,316,808	49,300,000
Non-current				
Secured:				
Obligations under finance lease (Note 28)	2,152,650	2,189,075	-	-
Term loans	78,581,369	16,556,762	72,600,000	15,200,000
	80,734,019	18,745,837	72,600,000	15,200,000
Unsecured:				
Term loans	-	141,950	-	-
	80,734,019	18,887,787	72,600,000	15,200,000
Total loans and borrowings	170,033,315	78,650,695	155,916,808	64,500,000

27. Loans and borrowings (cont'd)

The remaining maturities of the loans and borrowings as at 31 December are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
On demand or within one year	89,299,296	59,762,908	83,316,808	49,300,000
More than 1 year and less than 2 years	13,331,753	4,337,533	11,200,000	3,200,000
More than 2 years and less than 5 years	32,538,320	11,270,084	29,400,000	9,600,000
5 years or more	34,863,946	3,280,170	32,000,000	2,400,000
	170,033,315	78,650,695	155,916,808	64,500,000

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

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Bankers' acceptances and trust receipts	4.79 - 5.28	0.69 - 3.13	-	-
Bank overdrafts	7.60 - 8.35	5.50 - 7.80	6.95 - 7.60	-
Revolving credit	4.08 - 5.20	4.08 - 4.96	4.28 - 5.20	4.15 - 4.95
Term loan	3.25 - 8.30	3.25 - 8.30	4.60 - 5.63	4.15 - 5.30

The secured bankers' acceptances, trust receipts, bank overdrafts and revolving credit of the Group and of the Company are secured by certain assets of the Group as disclosed in Note 4(b), Note 5, Note 10, Note 12 and Note 15.

The term loans of the subsidiaries are secured by freehold and leasehold properties as well as fixed and floating charges over the assets of these subsidiaries.

The term loans of the Company are secured by the following:
(a) Third party fixed charge over the leasehold lands, buildings and investment properties of certain subsidiaries as disclosed in Note 4(b) and Note 5.
(b) Charge over all shares of a subsidiary.
(c) Charge over certain equity instruments as disclosed in Note 12.

Other information on financial risks of borrowings are disclosed in Note 50.

28. Finance lease commitments

	Group	
	2011	2010
	RM	RM
Minimum lease payments:		
Not later than 1 year	904,004	1,493,891
Later than 1 year and not later than 2 years	1,013,986	1,092,059
Later than 2 years and not later than 5 years	1,180,609	1,248,932
Later than 5 years	67,305	38,317
Total future minimum lease payments	3,165,904	3,873,199
Less: Future finance charges	(193,665)	(377,708)
Present value of minimum lease payments	2,972,239	3,495,491
Analysis of present value of finance lease liabilities:		
Not later than 1 year	819,589	1,306,416
Later than 1 year and not later than 2 years	920,810	973,931
Later than 2 years and not later than 5 years	1,167,068	1,182,000
Later than 5 years	64,772	33,144
	2,972,239	3,495,491
Less: Amount due within 12 months (Note 27)	(819,589)	(1,306,416)
Amount due after 12 months (Note 27)	2,152,650	2,189,075

The effective interest rates of the hire purchase and finance lease liabilities are between 2.22% and 4.75% (2010: 2.22% and 10.48%) per annum.

29. Deferred income

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

30. Trade and other payables

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade payables				
Third parties	41,977,783	45,264,069	-	-
Other payables				
Other payables	13,590,087	12,944,762	5,600,000	3,315,589
Deposits	4,129,994	5,024,080	100,000	-
Accruals	30,343,837	24,260,113	3,809,193	892,207
	48,063,918	42,228,955	9,509,193	4,207,796
Total trade and other payables	90,041,701	87,493,024	9,509,193	4,207,796
Add: Amount due to subsidiaries (Note 14)	-	-	8,015,933	85,962,136
Add: Amount due to associates (Note 19)	-	84,691	-	-
Add: Loans and borrowings (Note 27)	170,033,315	78,650,695	155,916,808	64,500,000
Total financial liabilities carried at amortised cost	260,075,016	116,228,410	173,441,934	154,669,932

(a) Trade payables

Trade payables comprise amounts outstanding from trade purchases.

The normal credit periods granted by trade suppliers and sub-contractors are between 14 and 120 (2010: 14 and 120) days.

(b) Other payables, deposits and accruals

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 a provision of RM5,200,000 (2010: Nil) as damages for breach of contract and RM400,000 (2010: Nil) as legal fees and costs.

As at 31 December 2010, included in other payables of the Company and of the Group is an amount of RM3,250,000 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 Bhd.

31. Revenue

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Sale of goods	421,836,223	415,973,812	-	-
Rendering of services	56,830,939	45,901,925	-	-
Contract revenue	-	7,517,256	-	-
Rental income from				
- investment properties	4,600,720	4,906,266	-	-
- others	63,555	135,920	-	-
Revenue from sale of development properties	9,625,632	13,324,975	-	-
Profit from project	441,446	-	-	-
Dividend income				
- subsidiaries	-	-	72,299,505	32,509,200
- associates	-	-	11,656,985	-
- equity instruments (quoted in Malaysia)	7,947,457	2,144,979	7,947,457	2,144,979
- equity instruments (quoted outside Malaysia)	3,671	3,292	3,671	3,292
	501,349,643	489,908,425	91,907,618	34,657,471

32. Cost of sales

	Group 2011 RM	Group 2010 RM
Cost of goods sold	317,673,048	314,901,047
Cost of services rendered	47,255,946	40,407,764
Construction contract costs	-	7,109,012
Direct operating costs relating to rental income of investment properties	2,478,550	3,216,541
Cost of development properties sold (Note 9 and 16)	10,818,716	8,910,809
	378,226,260	374,545,173

33. Interest income

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Interest income from				
- subsidiaries	-	-	1,110,870	1,375,623
- licensed institutions	2,816,819	1,231,937	77,493	58,036
- unwinding of discount on advances to subsidiaries	-	-	1,122,366	794,356
	2,816,819	1,231,937	2,310,729	2,228,015

34. Net gain/(loss) from investments

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Gain on disposal of				
- subsidiaries	5,453,576	-	-	-
- associate	9,544,933	-	26,174,067	-
- quoted equity instruments	1,086,921	-	1,086,921	-
Impairment loss				
- investment in subsidiaries	-	-	(29,400,000)	(10,000,000)
	16,085,430	-	(2,139,012)	(10,000,000)

35. Other income

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Bad debts recovered	663	110,477	-	-
Fair value adjustment on investment property	491,250	-	-	-
Gain on disposal of property, plant and equipment	713,618	458,606	-	-
Gain on disposal of investment property	41,000	-	-	-
Gain on unrealised foreign exchange	2,194,351	4,128,288	-	-
Rental income	570,970	236,870	-	-
Reversal of impairment loss on:				
- trade receivables	259,486	139,627	-	-
- other receivables	-	4,482	-	-
- advances to subsidiaries	-	-	1,046,000	778,754
Other income	1,116,712	1,129,088	81,164	-
	5,388,050	6,207,438	1,127,164	778,754

36. Finance costs

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Interest expense on:				
- bank borrowings	6,462,681	3,852,406	4,504,602	2,762,765
- obligation under finance leases	212,172	259,310	-	-
- others	34,677	14,132	-	-
	6,709,530	4,125,848	4,504,602	2,762,765

37. Profit before tax

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Employee benefits expense (Note 44)	75,205,568	73,121,032	27,000	24,500
Amortisation of biological assets (Note 6)	614,093	614,094	-	-
Amortisation of land use rights (Note 7)	500,169	500,169	-	-
Auditors' remuneration:				
- current year	421,331	408,130	39,400	30,000
- under/(over) provision in prior year	17,990	(1,950)	9,400	-
- other services	5,000	5,000	5,000	5,000
Bad debts written off	224,419	3,847,501	36,070	-
Depreciation of property, plant and equipment (Note 4)	8,522,282	7,913,029	-	-
Impairment of goodwill (Note 8)	-	16,783	-	-
Impairment loss on				
- trade receivables	394,431	650,194	-	-
- other receivables	5,938,448	1,029,238	1,809,889	361,177
- advances to subsidiaries	-	-	-	628,479
- advances to associates	-	1,150,000	-	-
Net realised loss on foreign exchange	4,106,628	8,054,554	-	-
Operating leases				
- rental of equipment	49,247	48,908	-	-
- rental of land	3,204,799	2,065,554	-	-
- rental of machinery	72,693	484,468	-	-
- rental of premises	2,749,729	3,572,252	-	-
- rental of vehicles	224,582	463,347	-	-
Property, plant and equipment written off	3,556	226,172	-	-
Write-down of inventories	391,386	1,274,902	-	-
Write-down of investment	5	-	5	-
Bad debts recovered	(663)	(110,477)	-	-
Net gain on disposal of property, plant and equipment	(659,068)	(454,750)	-	-
Net fair value (gain)/loss on derivative assets/liabilities	(1,009,311)	913,739	-	-
Reversal of write-down of inventories	-	(135,771)	-	-
Realisation of capital reserve	(450,000)	-	-	-

38. Income tax expense

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Current income tax:				
Malaysian income tax	10,362,577	7,346,932	8,065,000	2,141,000
Foreign tax	3,219,315	3,158,528	-	-
	13,581,892	10,505,460	8,065,000	2,141,000
(Over)/under provision in prior years:				
Malaysian income tax	(208,932)	225,363	143,055	262,129
Foreign tax	(63,940)	(94,616)	-	-
	13,309,020	10,636,207	8,208,055	2,403,129
Deferred tax (Note 13):				
Relating to origination and reversal of temporary differences	(1,148,439)	(708,855)	-	-
Under provision in prior years	276,071	314,168	-	-
	(872,368)	(394,687)	-	-
Income tax expense recognised in profit or loss	12,436,652	10,241,520	8,208,055	2,403,129

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

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

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Profit before tax (excluding share of results of associates)	60,964,151	39,652,771	79,518,195	22,154,604
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	15,241,038	9,913,193	19,879,549	5,538,651
Expenses not deductible for tax purposes	5,326,730	4,248,395	9,820,038	2,996,546
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	790,004	1,060,169	-	-
Income not subject to tax	(5,144,775)	(826,771)	(21,634,587)	(6,394,197)
Utilisation of previously unrecognised deductible temporary differences	(1,603,744)	(1,718,984)	-	-
Subtotal carried forward	14,609,253	12,676,002	8,065,000	2,141,000

38. Income tax expense (cont'd)

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Subtotal brought forward	14,609,253	12,676,002	8,065,000	2,141,000
Tax effect of differences in tax rate	(2,175,800)	(2,879,397)	-	-
(Over)/Underprovision of tax expense in prior years	(272,872)	130,747	143,055	262,129
Underprovision of deferred tax in prior years	276,071	314,168	-	-
Income tax expense recognised in profit or loss	12,436,652	10,241,520	8,208,055	2,403,129

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

39. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

	2011 RM	2010 RM
Number of ordinary shares at 31 December	231,559,015	231,559,015
Less: Number of treasury shares held at 31 December	(355,000)	(355,000)
	231,204,015	231,204,015

(b) Diluted

The Company has no potential dilutive event.

40. Dividends

	Company 2011 RM	Company 2010 RM
Recognised during the year:		
Final dividend for 2009: 4% tax exempt on 231,204,015 ordinary shares declared on 11 May 2010 and paid on 3 August 2010 (4 sen per ordinary share)	-	9,248,160
Interim dividend for 2010: 5% tax exempt on 231,204,015 ordinary shares declared on 1 December 2010 and paid on 7 January 2011 (5 sen per ordinary share)	11,560,201	-
Final dividend for 2010: 5% tax exempt on 231,204,015 ordinary shares declared on 23 May 2011 and paid on 3 August 2011 (5 sen per ordinary share)	11,560,201	-
Interim dividend for 2011: 1% tax exempt and 4% single tier on 231,204,015 ordinary shares declared on 10 November 2011 and paid on 15 December 2011 (5 sen per ordinary share)	11,560,201	-
	34,680,603	9,248,160
Net dividend per ordinary share (sen)	15.00	4.00

On 24 February 2012, the directors declared a second interim dividend of 5% single tier amounting to RM11,560,201 (5 sen per ordinary share) in respect of the financial year ended 31 December 2011 which was paid on 30 March 2012.

41. Analysis of acquisition of subsidiaries

In the previous financial year, a subsidiary of the Company, Melati Mewah Sdn Bhd, acquired 100% equity interest representing 450,000 ordinary shares of RM1 each in the issued and paid-up share capital of Versatile Development Sdn Bhd ("VDSB") for a consideration of RM1,476,166. The principal activity of VDSB is property development and the company is an unlisted company incorporated in Malaysia. Upon the acquisition, VDSB became a subsidiary of the Group.

The fair values of the identifiable assets and liabilities of VDSB as at the date of acquisition were:

	Fair value RM	Carrying amount RM
Land held for development	7,218,231	7,218,231
Other payables	(7,856,065)	(7,856,065)
Net identifiable liabilities	(637,834)	(637,834)

<u>Total cost of business combination</u>

The total cost of business combination comprise cash paid of RM1,476,166 which represent the total net cash outflow on acquisition.

<u>Goodwill arising on acquisition</u>

	RM
Fair value of net identifiable liabilities, representing Group's interest in fair value of identifiable liabilities	(637,834)
Goodwill on acquisition (Note 8)	2,114,000
Cost of business combination	1,476,166

Goodwill on acquisition of VDSB is attributable to the fair value of the residential development land held which is expected to contribute a reasonable amount of return on investment upon commencement of its development and sales.

<u>Impact of acquisition in Statement of Comprehensive Income</u>

From the date of acquisition, VDSB has contributed RM1,153 to the Group's loss net of tax for the financial year ended 31 December 2010.

42. Analysis of disposal of subsidiaries

During the financial year,

(a) the Company disposed its entire shareholding of 900,000 ordinary shares of RM1 each in MWE Advanced Structure Sdn Bhd, representing 90% equity interest for a total cash consideration of RM1; and

(b) the subsidiary of the Company, Davex Holdings Berhad disposed its entire shareholding of 600,000 ordinary shares of RM1 each in VXL Alliance Sdn Bhd, representing 60% equity interest for a total cash consideration of RM622,200.

The effects of disposal of the subsidiaries on the consolidated net profit, the consolidated financial position and the consolidated statement of cash flows are as follows:

(i) Effect on consolidated net profit

	2011 RM
Gross revenue	4,511,888
Cost of sales	(3,065,810)
Gross profit	1,446,078
Administrative expenses	(892,207)
Loss from operations	553,871
Finance costs	(120,090)
Loss before tax	433,781
Tax expense	(164,764)
Loss after tax	269,017
Non-controlling interest	(107,607)
Decrease in Group's net profit	161,410

(ii) Effect on consolidated financial position

	2011 RM
Non-current assets	1,317,771
Current assets	1,163,766
Non-current liabilities	(41,581)
Current liabilities	(2,090,134)
Increase in Group's share of net assets	349,822

42. Analysis of disposal of subsidiaries (cont'd)

The effects of disposal of the subsidiaries on the consolidated net profit, the consolidated financial position and the consolidated statement of cash flows are as follows (cont'd.):

(iii) Effect on consolidated statement of cash flows

	2011 RM
Non-current assets	1,317,771
Non-current assets held for sale	12,347,250
Current assets	1,163,766
Non-current liabilities	(41,581)
Non-current liabilities held for sale	(16,867,382)
Current liabilities	(2,090,134)
Minority interest	(427,131)
Net assets disposed	(4,597,441)
Attributable goodwill	216,065
Transfer from capital reserve	(450,000)
	(4,831,376)
Total disposal proceeds	(622,200)
Loss on disposal to the Group	(5,453,576)
Cash outflow arising on disposals:	
Cash consideration	622,200
Cash and cash equivalents of subsidiaries disposed	(1,749,425)
Net cash outflow on disposal	(1,127,225)

43. Analysis of liquidation of subsidiaries

(a) In March 2011, the subsidiary of the Company, Bay Potential Sdn Bhd had been struck off from the Register of Companies Commission of Malaysia pursuant to Section 308 of the Companies Act, 1965.

(b) In July 2010, the subsidiary of the Company, Alam Perdana Sdn Bhd had been struck off from the Register of Companies Commission of Malaysia pursuant to Section 308 of the Companies Act, 1965.

44. Employee benefits expense

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Wages and salaries	63,134,739	60,704,414	27,000	24,500
Contribution to defined contribution plan	4,109,559	4,070,739	-	-
Other benefits	7,961,270	8,345,879	-	-
	75,205,568	73,121,032	27,000	24,500

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM7,224,074 (2010: RM7,122,724) and RM89,000 (2010: RM60,000) respectively as further disclosed in Note 45.

45. Directors' remuneration

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive directors' remuneration:				
Fees				
- current year's provision	321,000	496,000	72,000	60,000
- (over)/underprovision in prior year	(292,000)	(449,047)	12,000	(5,000)
Other emoluments	7,195,074	7,075,771	5,000	5,000
	7,224,074	7,122,724	89,000	60,000
Non-executive directors' remuneration:				
Fees				
- current year's provision	230,000	200,000	230,000	200,000
- underprovision in prior year	30,000	-	30,000	-
Other emoluments	22,000	199,500	22,000	19,500
	282,000	399,500	282,000	219,500
Total directors' remuneration	7,506,074	7,522,224	371,000	279,500

45. Directors' remuneration (cont'd)

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive:				
Salaries and other emoluments	1,128,972	1,088,816	5,000	5,000
Fees				
- current year's provision	84,000	60,000	72,000	55,000
- underprovision in prior year	12,000	-	12,000	-
Bonus	410,591	413,500	-	-
Defined contribution plan	167,001	150,960	-	-
	1,802,564	1,713,276	89,000	60,000
Non-executive:				
Salaries and other emoluments	22,000	139,500	22,000	19,500
Fees				
- current year's provision	230,000	200,000	230,000	200,000
- underprovision in prior year	30,000	-	30,000	-
Bonus	-	60,000	-	-
	282,000	399,500	282,000	219,500
	2,084,564	2,112,776	371,000	279,500

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

	Number of directors	
	2011	2010
Executive directors' remuneration:		
RM500,001 - RM600,000	1	1
RM1,100,001 - RM1,200,000	-	1
RM1,200,001 - RM1,300,000	1	-
Non-executive directors' remuneration:		
RM0 - RM50,000	5	4
RM50,000 - RM100,000	1	1
RM200,001 - RM300,000	-	1

46. Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Interest charged to subsidiaries	-	-	1,110,870	1,375,623
Accounting fees charged by a subsidiary	-	-	360,000	360,000
Management fees charged by a subsidiary	-	-	240,000	240,000
Secretarial fees charged by a subsidiary	-	-	125,970	126,230
Insurance premium paid to a company with a common director	728,410	571,528	21,965	21,803
Rental income received from a subsidiary of a company with a common director	57,187	52,214	-	-
Rental paid to a company with a common director	154,977	205,984	-	-
Rental paid to a subsidiary of a company with a common director	50,820	13,860	-	-
Workmanship charged by an associate	422,581	1,958,553	-	-

47. Commitments

(a) Capital commitments

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Capital expenditure Approved and contracted for:				
Property, plant and equipment	515,034	-	-	-

(b) Operating lease commitments - as lessee

In addition to the land use rights disclosed in Note 7, the Group 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 the leases for a further 33 years upon expiry of the current leases. Changes in lease payments upon the expiry of these leases will be negotiated between the Group and the lessors, which are expected to be based on the prevailing market conditions.

47. Commitments (cont'd)

(b) Operating lease commitments - as lessee (cont'd)

None of the leases of land includes contingent rentals, except for:

(i) 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.

(ii) the Group also entered into commercial leases for a number of office premises, certain motor vehicles, equipment and machineries. These leases have an average tenure of between one to three 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.

Future minimum rentals payable under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group	
	2011 RM	2010 RM
Future minimum lease payments		
Not later than one year	3,212,769	3,672,605
Later than one year and not later than five years	7,658,693	11,718,919
Later than five years	73,554,939	110,445,235
	84,426,401	125,836,759

48. Contingent liabilities

Legal claim

A subsidiary of the Company, Phili-Orient Lines (Penang) Sdn Bhd ("POLPG") had been served with a winding-up petition pursuant to Section 218(1)(f) and (i) of the Companies Act, 1965 by two shareholders of the company on 27 September 2007. Subsequent to year end, the parties had amicably settled this matter out of Court.

Guarantees

The Company has provided corporate guarantees of RM13,940,423 (2010: RM24,094,874) to banks for credit facilities granted to subsidiaries and associates, and credit facilities granted by subsidiaries' suppliers at the reporting date. These amounts represent the maximum exposure to credit risk of the Company arising from corporate guarantee.

49. Fair value of financial instruments

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group 2011		Company 2011	
	RM Carrying amount	RM Fair value	RM Carrying amount	RM Fair value
Financial assets:				
Investment securities (non-current)				
- unquoted equity instrument, at cost	10,488,056	*	5,275,606	*
Financial liabilities:				
Loans and borrowings (non-current)				
- obligations under finance lease	2,152,650	2,289,666	-	-

	Group 2010		Company 2010	
	RM Carrying amount	RM Fair value	RM Carrying amount	RM Fair value
Financial assets:				
Investment securities (non-current)				
- unquoted equity instrument, at cost	10,143,212	*	3,993,810	*
Financial liabilities:				
Loans and borrowings (non-current)				
- obligations under finance lease	2,189,075	2,183,735	-	-

* Investment in equity instrument carried at cost less impairment (Note 12)

Fair value information has not been disclosed for the Group's and the Company's investments in equity instruments that are carried at cost less impairment because fair value cannot be measured reliably. These equity instruments represent ordinary shares in companies that are not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

49. Fair value of financial instruments (cont'd)

B. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	18
Amount due from subsidiaries	14
Amount due from associates	19
Trade and other payables	30
Loans and borrowings	
- Bankers' acceptances and trust receipts	27
- Revolving credit	27
- Term loans	27

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

<u>Amount due from subsidiaries and associates</u>

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

<u>Quoted equity instruments</u>

Fair value is determined directly by reference to their published market bid price at the reporting date.

<u>Finance lease obligations</u>

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

<u>Derivatives</u>

Forward currency contracts is valued using reference to their indicative offer rates as at the reporting date for similar types of contract terms.

49. Fair value of financial instruments (cont'd)

B. Determination of fair value (cont'd)

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

The fair value of all unexpired financial guarantees issued by the Company were deemed nil and were not recognised as financial liabilities, as based on the current and past repayment trends of the guaranteed parties, the likelihood of the guaranteed party defaulting within the guaranteed period were assessed to be remote.

C. Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 31 December 2011, the Group and the Company held the following financial instruments carried at fair value in the statement of financial position:

	2011 RM	Level 1 RM	Level 2 RM	Level 3 RM
Group				
Assets measured at fair value				
Financial assets at fair value through profit or loss:				
Forward currency contracts	6,170	6,170	-	-
Available-for-sale financial assets:				
Equity instruments quoted in Malaysia	177,067,178	177,067,178	-	-
Equity instruments quoted outside Malaysia	97,198	97,198	-	-

49. Fair value of financial instruments (cont'd)

C. Fair value hierarchy (cont'd)

As at 31 December 2011, the Group and the Company held the following financial instruments carried at fair value in the statement of financial position (cont'd):

	2011 RM	Level 1 RM	Level 2 RM	Level 3 RM
Company				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity instruments quoted in Malaysia	177,067,173	177,067,173	-	-
Equity instruments quoted outside Malaysia	97,198	97,198	-	-

During the reporting period ended 31 December 2011, there were no transfers between Level 1 and Level 2 fair value measurements.

As at 31 December 2010, the Group and the Company held the following financial instruments carried at fair value in the statement of financial position:

	2010 RM	Level 1 RM	Level 2 RM	Level 3 RM
Group				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity instruments quoted in Malaysia	59,220,509	59,220,509	-	-
Equity instruments quoted outside Malaysia	114,209	114,209	-	-
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss:				
Forward currency contracts	1,003,141	1,003,141	-	-
Company				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity instruments quoted in Malaysia	59,220,504	59,220,504	-	-
Equity instruments quoted outside Malaysia	114,209	114,209	-	-

During the reporting period ended 31 December 2010, there were no transfers between Level 1 and Level 2 fair value measurements.

50. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The maximum exposure to credit risk of the Company arising from corporate guaranteed granted to banks for credit facilities granted to subsidiaries and associates, and credit facilities granted by subsidiaries' suppliers at the reporting date is as disclosed in Note 48.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	Group			
	2011		2010	
	RM	% of total	RM	% of total
By country:				
Malaysia	22,731,677	39	36,634,783	47
Asia Pacific	35,906,223	61	41,979,577	53
	58,637,900	100	78,614,360	100

50. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile (cont'd)

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows (cont'd):

	Group			
	2011		2010	
	RM	% of total	RM	% of total
By industry sectors:				
Lighting and pagers	42,958,851	73	52,528,937	67
Textile	4,666,246	8	14,536,929	18
Property	473,556	1	1,549,565	2
Plantation	159,557	0	278,547	1
Others	10,379,690	18	9,720,382	12
	58,637,900	100	78,614,360	100

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 18. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group and the Company raises committed funding from financial institution and balance its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, approximately 53% (2010: 76%) of the Group's loans and borrowings (Note 27) and 53% (2010: 76%) of the Company's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

50. **Financial risk management objectives and policies (cont'd)**

(b) **Liquidity risk (cont'd)**

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2011 RM			
	On demand or within one year	One to five years	Over five years	Total
Group				
Financial liabilities:				
Trade and payables	90,041,701	-	-	90,041,701
Loans and borrowings	99,337,364	79,158,408	8,070,848	186,566,620
Total undiscounted financial liabilities	189,379,065	79,158,408	8,070,848	276,608,321
Company				
Financial liabilities:				
Trade and payables	9,509,193	-	-	9,509,193
Amounts due to subsidiaries	8,015,933	-	-	8,015,933
Loans and borrowings	83,316,808	40,600,000	32,000,000	155,916,808
Total undiscounted financial liabilities	100,841,934	40,600,000	32,000,000	173,441,934

	2010 RM			
	On demand or within one year	One to five years	Over five years	Total
Group				
Financial liabilities:				
Trade and payables	87,493,024	-	-	87,493,024
Amounts due to associates	84,691	-	-	84,691
Loans and borrowings	61,126,114	17,804,544	3,281,273	82,211,931
Derivatives	1,003,141	-	-	1,003,141
Total undiscounted financial liabilities	149,706,970	17,804,544	3,281,273	170,792,787
Company				
Financial liabilities:				
Trade and payables	4,207,796	-	-	4,207,796
Amounts due to subsidiaries	85,962,136	-	-	85,962,136
Loans and borrowings	50,159,027	14,690,236	2,432,715	67,281,978
Total undiscounted financial liabilities	140,328,959	14,690,236	2,432,715	157,451,910

50. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and loans at floating rates given to related parties. The Company's loans at floating rate given to related parties form a natural hedge for its non-current floating rate bank loan.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM177,050 (2010: RM148,844) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily United States Dollars ("USD"), Singapore Dollar ("SGD"), Australian Dollar ("AUD"), Euro Dollars ("EURO"), Vietnam Dong ("VND") and British Pound Sterling ("GBP"). The foreign currencies in which these transactions are denominated are mainly USD and AUD.

Approximately 49% (2010: 48%) of the Group's sales are denominated in foreign currencies whilst almost 40% (2010: 27%) of costs are denominated in foreign currencies. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group also holds financial assets and liabilities denominated in foreign currencies for working capital purposes. At the reporting date, the currency balances of the Group are as follows:

	Transaction Currencies						
	United States Dollar	Singapore Dollar	Australian Dollar	Sterling Pound	Euro Dollar	Vietnam Dong	Others
	RM	RM	RM	RM	RM	RM	RM
Functional currencies of the Group							
2011							
Cash and bank balances							
Ringgit Malaysia	6,405,341	3,290,754	554,931	98,348	29	135	3,986
Singapore Dollar	829,174	-	-	-	-	-	-
United States Dollar	-	1,747,194	-	-	1,704,007	17,958,663	846

50. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

The Group also holds financial assets and liabilities denominated in foreign currencies for working capital purposes. At the reporting date, the currency balances of the Group are as follows (cont'd):

	Transaction Currencies						
	United States Dollar RM	Singapore Dollar RM	Australian Dollar RM	Sterling Pound RM	Euro Dollar RM	Vietnam Dong RM	Others RM
Trade and other receivables							
Ringgit Malaysia	5,478,703	-	1,355,511	1,406,639	-	-	-
United States Dollar	-	717,179	-	-	-	-	-
Amount due from associates							
Ringgit Malaysia	2,955,183	-	-	-	-	-	-
Trade and other payables							
Ringgit Malaysia	(3,183,756)	(4,882,571)	-	-	(159,624)	-	-
United States Dollar	-	(501,322)	-	-	(1,681,542)	-	-
2010							
Cash and bank balances							
Ringgit Malaysia	4,077,535	5,557	1,636,857	462,534	29	290	2,230
Singapore Dollar	30,698	-	-	-	-	-	-
United States Dollar	-	1,389,167	-	-	653,097	8,280,157	-
Trade and other receivables							
Ringgit Malaysia	16,978,853	217,080	709,853	2,266,731	-	-	-
United States Dollar	-	276,912	-	-	-	-	-
Trade and other payables							
Ringgit Malaysia	(2,246,651)	(844,112)	(4,156)	-	(1,383,874)	-	-
United States Dollar	-	(408,389)	-	-	(630,487)	-	-

The Group use forward currency contracts to eliminate the currency exposures. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

At 31 December 2011, the Group hedged 25% (2010: 29%) and 12% (2010: 19%) of its foreign currency denominated sales and purchases respectively, for which firm commitments existed at the reporting date, extending to April 2012 (2010: July 2011).

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Australia, Singapore and Vietnam. The Group's net investments in foreign operations are not hedged as currency positions in AUD, SGD and USD are considered to be long-term in nature.

50. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, SGD, AUD, EURO, VND and GBP exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2011 RM Profit net of tax (Decrease)/Increase	Group 2010 RM Profit net of tax (Decrease)/Increase
USD/RM	- strengthened 2%	249,693	376,673
	- weakened 2%	(249,693)	(376,673)
AUD/RM	- strengthened 2%	38,209	46,851
	- weakened 2%	(38,209)	(46,851)
SGD/RM	- strengthened 2%	7,425	12,724
	- weakened 2%	(7,425)	(12,724)
EUR/RM	- strengthened 2%	(2,743)	(27,225)
	- weakened 2%	2,743	27,225
GBP/RM	- strengthened 2%	30,100	54,585
	- weakened 2%	(30,100)	(54,585)
VND/RM	- strengthened 2%	359,176	165,609
	- weakened 2%	(359,176)	(165,609)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia, whereas the quoted equity instruments outside Malaysia are listed on SGX-ST in Singapore. These instruments are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield.

Sensitivity analysis for equity price risk

At the reporting date, if the FTSE Bursa Malaysia KLCI had been 2% higher/lower, with all other variables held constant, the Group's other reserve in equity would have been RM3,444,145 higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale. As at the reporting date, the impact of changes in 2% on STI, with all other variables constant, is immaterial to the Group's profit net of tax and equity.

51. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 20% and 40%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve.

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Loans and borrowings	27	170,033,315	78,650,695	155,916,808	64,500,000
Trade and other payables	30	90,041,701	87,493,024	9,509,193	4,207,796
Amount due to subsidiaries	14	-	-	8,015,933	85,962,136
Amount due to associates	19	-	84,691	-	-
Less: Cash and bank balances	20	(121,290,270)	(56,833,661)	(2,252,479)	(608,586)
Net debt		138,784,746	109,394,749	171,189,455	154,061,346
Equity attributable to the owners of the parent		434,622,291	396,631,824	367,952,951	305,033,977
Less: Fair value reserve	24	(56,464,698)	(30,175,261)	(56,464,698)	(30,175,261)
Total capital		378,157,593	366,456,563	311,488,253	274,858,716
Capital and net debt		516,942,339	475,851,312	482,677,708	428,920,062
Gearing ratio		27%	23%	35%	36%

52. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

I. The textile segment is involved in manufacturing and sale of garments and also leasing out textile factory to third party.

II. The property segment is in the business of constructing, developing and leasing out residential and commercial properties.

III. The lighting and pagers segment manufacture and assemble electrical lightings and telecommunication products.

IV. The plantation segment is in the business of manage and operate oil palm plantation.

V. Other segments include assembling and distributing of trucks, investment holding, management of a golf course, corporate services, freight forwarding and warehousing services.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

52. Segment information (cont'd)

31 December 2011	Textile RM	Properties RM	Lighting and pagers RM	Plantation RM	Other operations RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
Revenue								
External customers	184,850,923	14,128,848	213,974,729	11,470,445	76,924,698	-		501,349,643
Inter-segment	-	286,200	1,180	-	75,241,339	(75,528,719)	A	-
Total revenue	184,850,923	14,415,048	213,975,909	11,470,445	152,166,037	(75,528,719)		501,349,643
Results								
Interest income	1,358,949	45,833	475,112	-	936,925	-		2,816,819
Dividend income	-	-	-	-	7,951,128	-		7,951,128
Depreciation and amortisation	1,749,206	287,305	3,134,110	1,799,801	2,666,122	-		9,636,544
Share of results of associates	(59,783)	153,547	-	-	-	(326,189)		(232,425)
Other non-cash expenses	(8,658)	(42,035)	(4,026,367)	(6,999)	(10,153,592)	-	B	(14,237,651)
Segment profit/(loss)	22,877,836	(66,196)	33,183,790	1,363,658	10,314,593	(6,941,955)	C	60,731,726
Assets								
Investment in associates	110,274	2,546,727	-	-	-	-		2,657,001
Additions to non-current assets	988,298	3,297,743	12,201,746	126,319	96,125,755	-	D	112,739,861
Segment assets	118,901,627	119,842,291	148,021,565	38,020,490	285,929,208	24,494,193	E	735,209,374
Segment liabilities	13,348,847	5,502,390	47,672,693	697,322	36,969,348	177,184,448	F	281,375,048

52. Segment information (cont'd)

31 December 2010	Textile RM	Properties RM	Lighting and pagers RM	Plantation RM	Other operations RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
Revenue								
External customers	171,235,932	25,041,077	223,753,832	9,159,170	60,718,414	-		489,908,425
Inter-segment	-	2,203,951	3,762	-	22,752,667	(24,960,380)	A	-
Total revenue	171,235,932	27,245,028	223,757,594	9,159,170	83,471,081	(24,960,380)		489,908,425
Results								
Interest income	697,567	68,073	320,370	-	145,927	-		1,231,937
Dividend income	-	-	-	-	2,148,271	-		2,148,271
Depreciation and amortisation	1,788,853	408,734	2,809,320	1,383,399	2,636,986	-		9,027,292
Share of results of associates	30,799	(80,820)	-	-	10,801,753	-		10,751,732
Impairment of non-financial assets	-	-	-	-	16,783	-		16,783
Other non-cash expenses	281,050	164,702	(3,221,913)	(36,938)	7,041,927	-	B	4,228,828
Segment profit/(loss)	18,862,244	459,775	30,289,666	516,145	(6,332,428)	6,609,101	C	50,404,503
Assets								
Investment in associates	93,285	2,393,180	-	-	33,604,151	-		36,090,616
Additions to non-current assets	5,905,106	8,628,600	6,191,853	462,237	12,225,103	-	D	33,412,899
Segment assets	82,497,932	148,498,748	137,065,261	39,274,518	159,080,569	57,276,095	E	623,693,123
Segment liabilities	14,561,638	23,909,539	49,162,305	824,760	32,320,686	86,744,956	F	207,523,884

52. Segment information (cont'd)

Notes

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2011 RM	2010 RM
Gain from investments	34	(16,085,430)	-
Gain on disposal of investment property	35	(41,000)	-
Reversal of impairment loss on:			
- trade receivables	35	(259,486)	(139,627)
- other receivables	35	-	(4,482)
Unrealised foreign exchange gain	35	(2,194,351)	(4,128,288)
Fair value adjustment on investment property	35	(491,250)	-
Net fair value (gain)/loss on derivative liabilities	37	(1,009,311)	913,739
Gain on disposal of property, plant and equipment	37	(659,068)	(454,750)
Realisation of capital reserve	37	(450,000)	-
Write-down of investment	37	5	-
Impairment loss on advances to	37		
- trade receivables		394,431	650,194
- other receivables		5,938,448	1,029,238
- advances to associates		-	1,150,000
Property, plant and equipment written off	37	3,556	226,172
Write-down of inventories	37	391,386	1,274,902
Bad debts written off	37	224,419	3,847,501
Reversal of write-down of inventories	37	-	(135,771)
		(14,237,651)	4,228,828

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

	2011 RM	2010 RM
Finance costs	(6,709,530)	(4,125,848)
Share of results of associates	(232,425)	10,751,732
Impairment of goodwill	-	(16,783)
	(6,941,955)	6,609,101

52. Segment information (cont'd)

Notes (cont'd)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd)

D Additions to non-current assets consist of:

	2011 RM	2010 RM
Property, plant and equipment	14,812,951	17,898,888
Investment properties	3,719,300	1,030,450
Other investments	94,009,167	7,044,321
Land held for property development	-	7,183,284
Development cost for land held for property development	198,443	255,956
	112,739,861	33,412,899

E The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2011 RM	2010 RM
Investment in associates	2,657,001	36,090,616
Deferred tax assets	982,175	910,850
Intangible assets	16,832,236	17,045,950
Current tax receivable	4,022,781	3,228,679
	24,494,193	57,276,095

F The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2011 RM	2010 RM
Deferred tax liabilities	2,007,943	2,871,190
Current tax payable	5,143,190	5,223,071
Loans and borrowings	170,033,315	78,650,695
	177,184,448	86,744,956

52. Segment information (cont'd)

Notes (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		Non-current assets	
	2011	2010	2011	2010
	RM	RM	RM	RM
Malaysia	319,915,025	302,018,894	237,757,211	291,100,074
Asia Pacific	181,434,618	187,889,531	6,614,726	4,570,560
	501,349,643	489,908,425	244,371,937	295,670,634

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2011	2010
	RM	RM
Property, plant and equipment	104,548,642	100,787,363
Investment properties	56,444,500	66,192,950
Biological assets	9,697,148	10,311,241
Land use rights	26,561,256	27,061,425
Intangible assets	16,832,236	17,045,950
Land held for property development	27,631,154	38,181,089
Investment in associates	2,657,001	36,090,616
	244,371,937	295,670,634

Information about a major customer

The Group does not generate revenue from any one major customer .

53. Events occuring after the reporting date

In January 2012, the subsidiaries of the Company, MWE Development Sdn Bhd and Lup Ching Holdings Sdn Bhd were dissolved pursuant to Section 272 (5) of the Companies Act, 1965.

54. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 12 April 2012.

55. Supplementary information - breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 December 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Total retained profits of the Company and its subsidiaries:				
- Realised profit	128,369,642	118,024,924	62,177,980	19,948,443
- Unrealised (loss)/profit	(3,694,411)	1,670,927	(5,600,000)	-
	124,675,231	119,695,851	56,577,980	19,948,443
Total share of retained profits from associates:				
- Realised (loss)/profit	(17,539,933)	12,890,914	-	-
- Unrealised profit	-	216,253	-	-
	107,135,298	132,803,018	56,577,980	19,948,443
Add/(Less): Consolidation adjustments	7,294,062	(30,983,356)	-	-
Retained profits as per financial statements	114,429,360	101,819,662	56,577,980	19,948,443

Top 10 List of Properties by MWE Group

Particulars of Titles	Tenure	Land Area	Description/ Existing Use	Net Book Value as at 31.12.2011 (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	Leasehold (99 years – expiring on 04.12.2090)	209 acres	Golf course & Clubhouse and residential development	46,361,333	17 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	32,948,500	15 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	22,480,946	-	2008
Lot 7320, H.S. (D) 3245 P.T. 2944, Mukim 11 Daerah Seberang Perai Tengah Penang	Leasehold (60 years – expiring on 29.06.2052)	2.79 acres	Factory building	13,322,216	19 years	1991
Lot 1233 Grant (1st Grade) 11818 Section 1, Georgetown Daerah Timur Laut, Penang	Freehold	150,910 sq. ft.	8 storey office building	12,357,000	18 years	1988 to 2011
P.T. No. 38, H.S. M 11362 & P.T. 7105, H.S.(D) 16056 Bandar Kulim Perusahaan Kulim Daerah Kulim, Kedah	Leasehold (60 years – expiring on 20.04.2048)	401,854 sq. ft.	Factory building	8,537,144	23 years	1988
HS(D) 31991, Lot No. 765 Mukim Kuala Lumpur Wilayah Persekutuan	Freehold	21,111 sq. ft.	Land for development	7,426,294	-	2010
Lot No. 4792, 4793 & 4794 Mukim Ampang Daerah Ulu Langat Selangor and Lot No. 1630, 1631 & 1632 Mukim Ulu Kelang Daerah Gombak, Selangor	Freehold	61,812 sq. ft.	Land for development	7,346,810	-	2010
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	6,257,655	12 years	1992
Geran 25978 & 26200 Lot 4019 & 4478 Mukim Setapak Daerah Kuala Lumpur Wilayah Persekutuan	Freehold	36,821 sq. ft.	Land for development	6,130,528	-	2006

Analysis of Shareholdings As At 13 April 2012

Class of security	:	Ordinary Shares of RM1.00 each
Authorised Share Capital	:	RM500,000,000
Total Issue and Paid-up capital	:	RM231,559,015
Voting right	:	1 vote per share
Number of shareholders	:	7,492

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 – 99	67	0.89	1,760	0.00
100 – 1,000	2,112	28.19	2,000,319	0.86
1,001 – 10,000	4,423	59.04	17,663,600	7.63
10,001 – 100,000	782	10.44	19,807,840	8.56
100,001 – 11,577,951	105	1.40	106,352,474	45.93
11,577,952 and above	3	0.04	85,733,022	37.02
Total	7,492	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	12,030,800	5.20	2,181,700 (b)	0.94
Lim Kong Yow	48,000	0.02	4,000 (c)	^
Lawrence Lim Swee Lin	424,000	0.18	287,000 (d)	0.14
Tan Chor Teck	374,000	0.16	9,851,480 (e)	4.26
Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat	-	-	-	-
Dato' Shahbudin bin Imam Mohamad	-	-	-	-
Dato' Yogesvaran a/l T. Arianayagam	-	-	-	-

Notes:

* *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 (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.*

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of shareholders	No. of shares held	% of shares
1.	PINJAYA SDN BHD	39,196,722	16.93
2.	A.A. ANTHONY NOMINEES (ASING) SDN BHD *Qualifier: Pledged Securities Account for Greenland Timber Industries Pte Ltd*	25,487,600	11.01
3.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD *Qualifier: Pledged Securities Account for Pinjaya Sdn Bhd*	21,048,700	9.09
4.	A.A. ANTHONY NOMINEES (ASING) SDN BHD *Qualifier: Pledged Securities Account for Citibase Limited*	11,555,100	4.99
5.	INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD *Qualifier: Driscoll Shipping Ltd*	11,500,000	4.97
6.	MULTI-PURPOSE INSURANS BHD	11,021,400	4.76
7.	MAYBAN NOMINEES (TEMPATAN) SDN BHD *Qualifier: Pledged Securities Account for Pinjaya Sdn Bhd*	10,656,000	4.60
8.	MAYBAN NOMINEES (TEMPATAN) SDN BHD *Qualifier: Pledged Securities Account for Tang King Hua*	9,164,500	3.96
9.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *Qualifier: CIMB for Simansu Sdn Bhd*	8,058,000	3.48
10.	A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD *Qualifier: Pledged Securities Account for MCC Credit Sdn Bhd*	3,998,600	1.73
11.	MULTI-PURPOSE HOLDINGS BERHAD	3,000,000	1.29
12.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *Qualifier: CIMB Bank for Tang King Hua*	2,866,300	1.24
13.	NEW KOTA CREDIT SENDIRIAN BERHAD	2,230,500	0.96
14.	IDEA KOSMO SDN BHD	2,067,500	0.89
15.	NG KWENG THEAM	2,006,600	0.87
16.	KAM LOONG MINING SDN BHD	1,800,000	0.78
17.	TAN TOH HUA	1,367,200	0.59
18.	YEAP LEONG PENG	1,050,000	0.45
19.	A.A. ANTHONY NOMINEES (ASING) SDN BHD *Qualifier: Pledged Securities Account for Claire Foong Ling Chin*	1,000,000	0.43

THIRTY (30) LARGEST SHAREHOLDERS (Cont'd)

No.	Name of shareholders	No. of shares held	% of shares
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *Qualifier: Pledged securities account for ABM Holdings Sdn Bhd*	800,000	0.34
21.	CIMSEC NOMINEES (ASING) SDN BHD *Qualifier: Danaharta Managers Sdn Bhd for Surin Upatkoon*	788,392	0.34
22.	GOLDEN BAY HOLDING SDN BHD	743,000	0.32
23.	PACIFIC & ORIENT INSURANCE CO BERHAD	652,200	0.28
24.	SUWINI BINGEI	552,017	0.24
25.	MAYBAN NOMINEES (TEMPATAN) SDN BHD *Qualifier: Pledged securities account for Lye Kar Hin*	505,100	0.22
26.	EVERGREEN ANGLE SDN BHD	481,000	0.21
27.	KEY DEVELOPMENT SDN BERHAD	476,900	0.20
28.	ANG HOCK LAI	460,000	0.20
29.	TIAH THEE SENG	433,800	0.19
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *Qualifier: Pledged Securities Account for Lawrence Lim Swee Lin*	415,000	0.18
	Total	175,382,131	75.74

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	25,487,600	11.02	-	-
Dato' Surin Upatkoon	786,630	0.34	75,100,939(a)	32.48
Tang King Hua	12,030,800	5.20	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 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, Penang on Monday, 4 June 2012 at 10.30 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2011 and the Reports of the Directors and Auditors thereon. (*Please refer to Note A*)

2. To re-elect the following Directors who are retiring under Article 109 of the Articles of Association of the Company:-

   (i) Dato' Yogesvaran a/l T Arianayagam **(Resolution 1)**
   (ii) Lim Kong Yow **(Resolution 2)**

3. To approve the payment of Directors' fees of RM302,000.00 in respect of the year ended 31 December 2011 (2010 : RM302,000.00). **(Resolution 3)**

4. To appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

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

   i) ORDINARY RESOLUTION 1

   RENEWAL OF 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 5)**

   ii) ORDINARY RESOLUTION 2

   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 2011 of RM56,577,980 and RM23,586,099 respectively, to purchase on Bursa Securities up to 23,155,901 ordinary shares of RM1.00 each of the Company which together with the 355,000 ordinary shares of RM1.00 each already purchased earlier and retained as treasury shares, represent 10% of the total issued and paid-up share capital of 231,559,015 ordinary shares of RM1.00 each **AND THAT** upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to:-

(a) cancel the shares purchased; or

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

(c) retain part of the shares purchased as treasury shares and cancel the remainder.

Whereby an announcement regarding the intention of the Directors of the Company in relation to the proposed treatment of the shares purchased and rationale thereof has been made to Bursa Securities **AND THAT** such authority from the shareholders would be effective immediately upon passing of this Ordinary Resolution and the aforesaid authority from shareholders will expire at the conclusion of the next Annual General Meeting ("AGM") unless the authority is renewed by ordinary resolution passed at the said AGM (either unconditionally or subject to condition), or upon the expiration of the period within which the next AGM is required by law to be held or if earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authority **AND THAT** authority be and is hereby given to the Directors of the Company to take all such steps as are necessary including the opening and maintaining of a central depositories account(s) under the Securities Industry (Central Depositories) Act, 1991, and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations, and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company." **(Resolution 6)**

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

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Depository Sdn Bhd, in accordance with Article 61(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 25 May 2012. Only a depositor whose name appears on the Record of Depositors as at 25 May 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

LIM KONG YOW (MIA 4979)
Company Secretary
11 May 2012
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, Penang not less than 48 hours before the time appointed for holding the Meeting.

EXPLANATORY NOTES

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

The Proposed Resolution 5, is a renewal of the General Mandate for the Directors to issue and allot shares and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company for such purposes as the Directors deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Annual General Meeting held on 15 June 2011 and which will lapse at the conclusion of the Annual General Meeting held on 4 June 2012.

The General Mandate sought will provide flexibility to the Company of any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

Renewal of the Proposed Share Buy-Back

The Proposed Resolution 6, 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. This authority will, unless revoked or varied by the Company at a General Meeting, expire at the next annual general meeting.

The details of the Renewal of the Proposed Share Buy-Back is set out in the Statement to Shareholders dated 11 May 2012 which is despatched together with the Company's 2011 Annual Report.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad)

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

   (i) Mr Lim Kong Yow
   (ii) Dato' Yogesvaran a/l T Arianayagam

   Details of Directors who are standing for re-election are set out in the Directors' Profile appearing on pages 7 to 8 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 2011. 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, Penang on Monday, 4 June 2012 at 10.30 a.m.

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

FORM OF PROXY

Number of Shares held	CDS Account No.
	- -

"**A**" 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 Monday, 4 June 2012 at 10.30 a.m.** and at any adjournment thereof.

"**B**" Where it is desired to appoint a second proxy, this section must also be completed, otherwise it should be deleted.

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 Monday, 4 June 2012 at 10.30 a.m.** and at any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxies are as follows:

First Proxy "A"	%
Second Proxy "B"	%
	100%

In case of a vote taken by a show of hands, *First Proxy "A" / Second Proxy "B" shall vote on my / our behalf.

My / Our proxy / proxies shall vote as follows:

		First Proxy "A"		Second Proxy "B"	
NO.	RESOLUTION	FOR	AGAINST	FOR	AGAINST
1.	To re-elect Dato' Yogesvaran a/l T Arianayagam as Director of the Company				
2.	To re-elect Mr Lim Kong Yow as Director of the Company				
3.	To approve the payment of Directors' fees				
4.	To appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2012 and to authorise the Directors to determine their remuneration				
5.	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965				
6.	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 .... 2012.

…………………………………… ....

Signature of Witness Signature of Shareholder (s) / Common Seal

Name:

Address:

Occupation:

Notes:

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

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

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

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

MWE HOLDINGS BERHAD

846 Jalan Raya

14209 Sungei Bakap

Seberang Perai Selatan, Penang

1st fold here

846, Jalan Raya
14209 Sungai Bakap
Seberang Prai Selatan, Penang
Tel: 604-585 8188
Fax: 604-585 8199