ANNUAL REPORT 2012

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)

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

Dato' Lawrence Lim Swee Lin
Independent Non-Executive Director)
D.I.M.P.

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

Tan Chor Teck
(Independent Non-Executive Director)

SECRETARY

Lim Kong Yow *(MIA 4979)*

REGISTERED OFFICE

846, Jalan Raya
14209 Sungei Bakap
Seberang Perai Selatan, Penang
Tel : 04-585 8188   Fax : 04-585 8199

STOCK EXCHANGE LISTING

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

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

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
CIMB Islamic Bank Berhad
Hong Leong Bank Berhad

AUDITORS

Messrs Ernst & Young
Chartered Accountants

WEBSITE

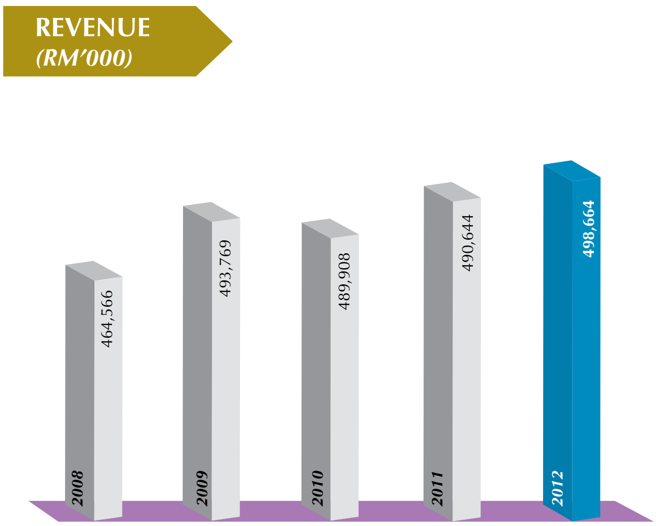
www.mweh.com.my

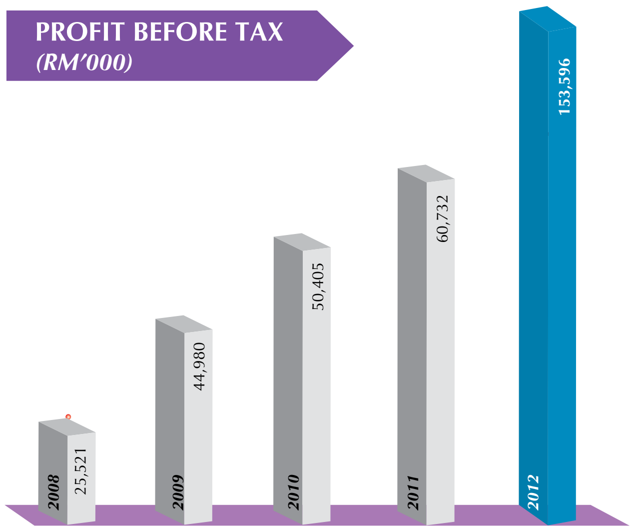
SOLICITORS

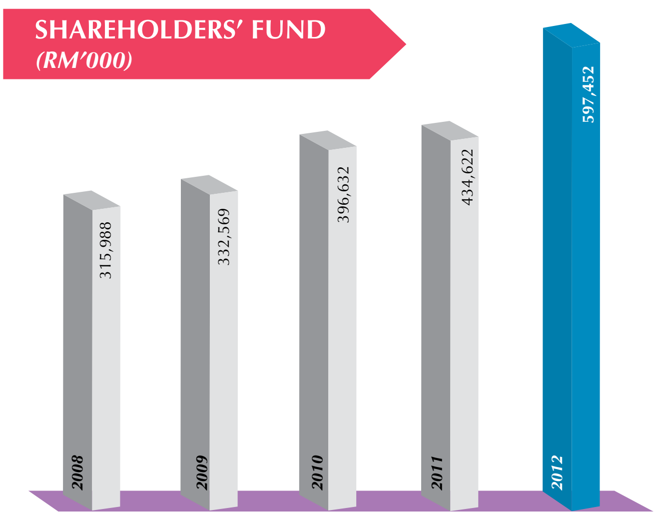
Messrs Ghazi & Lim

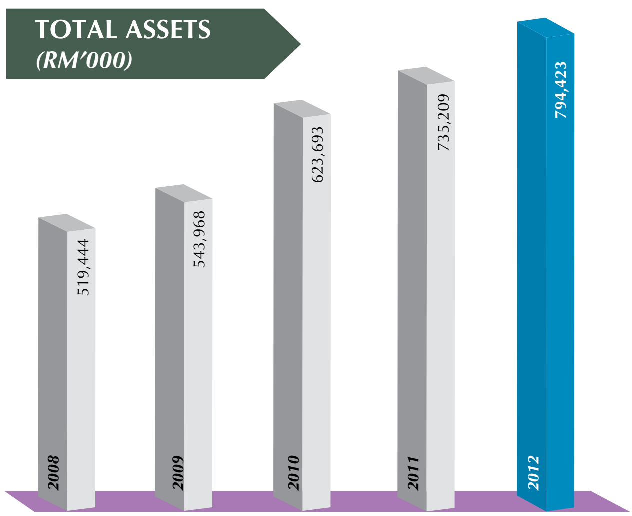
Group Financial Highlights

	2012 (RM'000)	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)	2008 (RM'000)
Revenue	***498,664***	490,644	489,908	493,769	464,566
Profit Before Tax	***153,596***	60,732	50,405	44,980	25,521
Paid-up capital	***231,559***	231,559	231,559	231,559	231,559
Shareholders' Funds	***597,452***	434,622	396,632	332,569	315,988
Total Assets	***794,423***	735,209	623,693	543,968	519,444
Net Assets per share (sen)	***259***	188	172	144	137
Earnings per share (sen)	***61***	20	19	14	8
Net Dividend per share (sen)	***15***	10	10	8	6









Corporate Structure

MWE HOLDINGS BERHAD
(5713-D)

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

Corporate Structure (cont'd)

- 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
  - 50% Sun Meridian Global Ltd ^
  - 20% CNT Garments Sdn Bhd ^
- 100% Davex Holdings Berhad
  - 68% Daviscomms (S) Pte Ltd
    - 100% Daviscomms (Malaysia) 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
  - 51% Round and Round Pte Ltd
  - 36% Advanced Mobile Services & Solutions Sdn Bhd ^
- 100% MWE Properties Sdn Bhd
  - 100% MWE Precast Concrete Sdn Bhd
  - 100% Metra PMC Sdn Bhd
  - 100% Prime Achiever Sdn Bhd
  - 100% Melati Mewah Sdn Bhd
    - 100% Melati Mewah Property Services Sdn Bhd
    - 100% Versatile Development 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 ^
- 90% Alu-Paste & Pigments Sdn Bhd
  - 53% Dongfeng Commercial Vehicle (Malaysia) Sdn Bhd
    - 49% Airport Automotive Workshop Sdn Bhd ^
- 100% MWE Golf & Country Club Berhad
- 100% Ganda Pesona Sdn Bhd
- 100% Metra Management Sdn Bhd
  - 100% Metra Nominees Sdn Bhd
- 30% Premier Capital Holdings Sdn Bhd ^
- 100% Fauzi-Lim Plantation Sdn Bhd
- 100% Etika Gangsa Sdn Bhd
- 100% Taka Worldwide Trading Sdn Bhd
- 100% First Cosmopolitan Sdn Bhd
  - 100% Devanna Limited

^ Associate Company

Directors' Profile

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

Malaysian, aged 62, 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 the University of Malaya in 1974 and obtained his Masters in Public Administration degree from the University of Southern California, USA in 1984. In year 2007, Tan Sri Aseh received his PhD in International Relations from the Lim Kok Wing University of Creative Technology, Cyberjaya.

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

Tan Sri Aseh is active in community services and is currently the President of Putrajaya Corporation, 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.

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

Thai, aged 64, was appointed to the Board of MWE Holdings Berhad ("MWE") on 29 July 1976.

Tan Sri Surin is currently the Managing Director of Multi-Purpose Holdings Berhad, Chairman of Magnum Corporation Sdn Bhd and Magnum 4D Berhad respectively.

Tan Sri 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.

Tan Sri 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.

Tan Sri 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 2012. 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 55, 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 2012.

LIM KONG YOW
(Executive Director)

Malaysian, aged 58, 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 2012.

DATO' LAWRENCE LIM SWEE LIN
(Independent Non-Executive Director)

Malaysian, aged 56, was appointed to the Board of MWE Holdings Berhad ("MWE") on 1 August 1989. Dato' Lim holds a Bachelor of Arts degree in Economics (Honours) from the University of Sheffield and a Masters degree in Business Administration from University of Manchester, United Kingdom.

He is currently the Chief Executive Officer of Magnum Corporation Sdn Bhd and Executive Director of Magnum 4D Berhad. Prior to this, Dato' 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.

Dato' Lim does have shares in MWE. Details of his shareholdings are set out in the Directors' Report for the year ended 31 December 2012.

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

Malaysian, aged 61, 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.

TAN CHOR TECK
(Independent Non-Executive Director)

Malaysian, aged 51, 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 2012.

Particulars of Directors

Name	Nationality	Details of membership in Board Committees	Family relationship with any director and / or major shareholder of MWE	Conflict of interest with MWE	Convictions for offences within the past 10 years other than traffic offences
Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat *(Appointed on 23 July 2008)*	Malaysian/ Malay	-	NIL	NIL	NIL
Tang King Hua *(Appointed on 2 February 2000)*	Malaysian/ Chinese	-	NIL	NIL	NIL
Lim Kong Yow *(Appointed on 11 December 2001)*	Malaysian/ Chinese	-	NIL	NIL	NIL
Tan Sri Dato' Surin Upatkoon *(Appointed on 29 July 1976)*	Thai	RC & NC	NIL	NIL	NIL
Dato' Lawrence Lim Swee Lin *(Appointed on 1 August 1989)*	Malaysian/ Chinese	AC	NIL	NIL	NIL
Tan Chor Teck *(Appointed on 14 September 2000)*	Malaysian/ Chinese	AC, NC & RC	NIL	NIL	NIL
Dato' Yogesvaran a/l T. Arianayagam *(Appointed on 1 July 2008)*	Malaysian/ Indian	AC, NC & RC	NIL	NIL	NIL

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

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2012.

FINANCIAL PERFORMANCE

The Group achieved commendable results for the financial year ended 31 December 2012 despite weak global economic conditions.

For the current financial year, the Group posted higher revenue of RM498.7 million against RM490.6 million in the previous year. The profit before tax increased to RM153.6 million, the highest ever profit achieved by the Group as compared to RM60.7 million reported in the previous year. The enlarged profit was mainly due to an exceptional gain of RM117.5 million arising from the disposal of our lighting subsidiaries.

At the company level, the profit before tax was lower, at RM30.8 million for the current financial year, which was mainly derived from dividends received from subsidiaries and quoted investments.

DIVIDENDS

During the year, we have paid first interim dividend of 6% single tier (Year 2011: 1% tax exempt and 4% single tier) amounting to RM13.9 million on 24 September 2012, which was higher as compared to previous year's amount of RM11.6 million.

The Board has further recommended second interim dividend of 4% single tier (Year 2011: 5% single tier) and special dividend of 5% single tier (Year 2011: Nil) amounting to RM20.7 million which was paid to shareholders on 2 April 2013. Hence, for the current financial year, the Group has paid a total dividend of 15% (Year 2011: 10%) and this translates into a net dividend of 15.0 sen per share (Year 2011: 10.0 sen per share). The Group has been consistent over the years in paying attractive dividends to reward its shareholders for their support and loyalty.

The Board does not recommend any final dividend for the financial year ended 31 December 2012.

REVIEW OF OPERATIONS

Textile Division

The Textile Division's revenue decreased by 11% from RM184.9 million to RM164.5 million for the current financial year. The lower revenue was mainly due to the weakening demand from both U.S.A. and European markets. Consequently, the profit before tax was lower, at RM13.4 million as compared to last year's profit before tax of RM21.3 million.

The division expects continuing volatility and weak demand from both U.S.A. and European markets in the coming year which will have a negative impact on our financial performance. Furthermore, the implementation of Minimum Wage 2013 in Malaysia is expected to increase the division's production costs. In order to mitigate the deteriorating profit, the division will focus on expanding its customers' base and procuring sub-contracting orders. Nonetheless, the division will continue to minimize shipment delay, implement cost cutting measures and improve production efficiency.

Electronics Division

The Electronics Division continued to perform well for the financial year ended 31 December 2012. The division recorded higher revenue of RM266.6 million, which was 6% higher as compared to last year's revenue of RM252.2 million. The profit before tax was also higher, at RM37.3 million as compared to RM33.8 million registered in the previous year, which was mainly attributed to a gain of RM4.9 million arising from the disposal of its Penang factory.

The Lighting Section's revenue grew to RM163.1 million, 6% higher as compared to RM153.2 million recorded in the previous year. However, its profit before tax reduced to RM31.1 million from previous year's profit before tax of RM32.5 million.

Export sales volume to the Singapore market registered encouraging growth whereas demand from the Australian market declined marginally due to competition from cheaper products imported from China.

On the domestic front, sales volume remained low due to fewer Malaysian government projects being awarded.

During the year, the entire lighting subsidiaries were disposed of for a total cash consideration of RM170.3 million, which translates to an exceptional disposal gain of RM117.5 million. The disposal was completed on 30 December 2012.

The Telecommunications Section under Daviscomm Group recorded RM60.3 million in revenue, an increase of 21% as compared to RM50.0 million achieved in the previous year. The section reported higher profit before tax of RM1.9 million against last year's profit before tax of RM0.5 million, which was in line with the increase in revenue.

The significant increase in revenue was mainly due to higher sales volume in Mobile Personal Emergency and Smartmeter products as well as new development projects secured during the second half of 2012. Furthermore, the section was able to fulfil its backlog orders due to a better materials delivery schedules.

The paging business continues to decline steadily over the past years, contributing 15% to the Telecommunications Section's total sales revenue. In view of the declining revenue trend for the paging business, the section has successfully diversified its paging business to include the provision of Original Equipment Manufacturer (OEM), Original Design Manufacturer (ODM) and Electronic Manufacturing Services (EMS) to cater for a wider spectrum of the electronics industry. Notwithstanding the above, the paging business will continue to remain focused on its core business in the wireless segment of the electronics industry. During the year, it has acquired skills and expertise in 2-WAY technology including 2G and 3G, which is an improvement from its 1-WAY paging legacy. The new 2-WAY technology has enabled the paging business to accept more complex and higher values add products.

The section will continue its efforts in reducing production costs, improve the factory's cycle time and optimizing the utilization of machineries.

The Freight Section registered lower revenue of RM43.3 million as compared to RM45.7 million in the previous year. However, the profit before tax was marginally higher, at RM1.23 million as compared to RM0.8 million in the previous year and this was mainly attributed by a disposal gain of RM1.9 million of its Penang warehouse.

The lower revenue was primarily due to the decline of its airfreight businesses especially in the electronic and electrical sectors.

The section's main focus for 2013 is to build and expand its business in the regional markets such as India, China, Vietnam, Indonesia, Singapore and Philippines. Upon successful entry, it would be able to enhance its offerings in the ASEAN region which is expected to have a positive effect on its financial performance.

Properties Division

During the year, the Properties Division reported higher revenue of RM20.8 million as compared to RM14.4 million in the previous year. It recorded profit before tax of RM5.1 million as compared to a loss before tax of RM1.0 million in the previous year, mainly contributed by gains in the disposal of its development land in Butterworth, Penang.

Our 50% associated company, Ribuan Wangsa Sdn Bhd has successfully sold all of its houses at Ross Road Phase I, Penang whereas for the Phase II's project, one (1) unit of semi-detached house was sold. The occupancy rate for our MWE Plaza, Penang remains unchanged, at 96%.

The construction works for seven (7) units of 3-storey bungalow in Kuala Lumpur is progressing smoothly and is targeted for completion by the third quarter of this year.

Leisure Division

Monterez Golf & Country Club ("MGCC") registered a marginal reduction in revenue of RM6.9 million against RM7.1 million in the previous year. This was mainly due to lower golfing activities as a result of bad weather conditions. The division's loss before tax was RM54,000 as compared to last year's loss before tax of RM324,000.

With the appointment of Mizuno Golf Academy as our golfing lessons instructor, MGCC is confident that it can attract more golfers and at the same time, maintain its competitive pricing strategy in its membership recruitment drive through innovative sales and marketing activities.

Plantation Division

During the year, the Plantation Division's revenue dropped to RM8.7 million, a decrease of 24% as compared to RM11.5 million reported in the previous year. It recorded a loss before tax of RM1.1 million as compared to a profit before tax of RM0.7 million in the previous year.

The reduction in revenue and losses was primarily due to high maintenance costs coupled with lower Fresh Fruits Bunches ("FFB") prices and declining yields.

Industrial Division

During the year, Dongfeng Commercial Vehicle (Malaysia) Sdn Bhd ("Dongfeng") posted revenue of RM19.7 million, which was 63% higher as compared to RM12.1 million registered in the previous year. The better performance was attributed to the increase demand for our vehicles as a result of branding efforts and limited supply of re-built and re-conditioned heavy commercial vehicles. Consequently, its loss before tax reduced to RM1.0 million from previous year's loss before tax of RM2.7 million.

Dongfeng has positioned itself as premium Chinese medium and heavy-duty commercial vehicles premised on its quality and reliability of its vehicles. Its products are targeted at the container, haulage and general cargo sectors. The division is hopeful that with the increase in our country's manufacturing activities such as mining and timber sectors, it will invariably create demand for transportation services which in turn will create demand for heavy commercial vehicles.

PROSPECTS

The year 2012 was considered tough for the Group operationally, having weathered through turbulent global economic conditions which have affected all industries around the world. The Group continues to put in efforts in controlling cost escalation in view of inflationary pressures and at the same time, focusing on higher efficiencies through better business processes, streamlining business activities and emphasis on risk management.

For the coming financial year, the prospects of the Group will be challenging without the contributions from our lighting subsidiaries. However, backed by our dynamic leadership and strong financial position, I believe that our Group is well positioned to overcome any new challenges ahead and would be able to seek viable investment opportunities to enhance its profitability.

DIRECTORATE

The Board would like to express their heartfelt appreciation to Dato' Shahbudin Bin Imam Mohamad who had retired on 4 June 2012 for his unwavering dedication and valuable contributions during his tenure of service with the Group.

APPRECIATION

On behalf of the Board, I wish to express my sincerest thank you to all our valued shareholders, customers, business associates, advisors, suppliers, bankers and all government agencies, for their continuing support.

Last but not least, I wish to express my deepest appreciation to my fellow Directors, the Management and staff at all levels for their contribution, commitment and dedication which had contributed to the ongoing success of the Group.

TAN SRI DATO' SERI (DR) ASEH BIN HAJI CHE MAT
Independent Non-Executive Chairman
7 May 2013

Statement on Corporate Social Responsibility

MWE Holdings Berhad ("MWE") recognises the importance of being responsible in business and that we have a duty to make life better in the communities in which we operate. In order to achieve sustainable success over the long term, we need to build trust, develop mutual respect and make a real difference to our stakeholders by addressing issues that they care about.

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, amongst others:-

i) donation in monies and in-kind to the underprivileged and needy children, such as Society for the severe mentally handicapped, Alzheimer's Disease Foundation, Association Y.R.J.S. Handicapped Children's Home;

ii) Sponsorship to Help University for facilitating the teachers to attend the quality program;

iii) donation for charity food and fun fair to Mount Miriam Cancer Hospital; and

iv) donation in books and stationeries to the less fortunate students.

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 in line with The National Blood Centre's mission to raise awareness about the importance as well as the dire need for blood donations. It was a successful campaign and we managed to collect sixty-eight (68) bags.

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.

HUMAN CAPITAL DEVELOPMENT AND WORKPLACE

MWE recognises employees' needs for continual development in order to remain relevant, grow in their roles, and be effective in a rapidly changing and demanding environment. In order to achieve this, we have ensured training and development opportunities are accessible to everyone.

Besides the continual development extended to all staff, 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

This statement is prepared as required by the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of financial year and of its result and cash flow for that year then ended.

In preparing the financial statements for the year ended 31 December 2012, the Directors have:-

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent; and
- prepared the annual audited financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

Continuing Corporate Disclosure

Share Buybacks

During the financial year, the Company bought back 969,000 of its ordinary shares of RM1.00 each. The details on the purchase of the Company's own shares are as follows:-

Month of Purchase	No. of Shares purchased & Retained as Treasury Shares	Purchase Price Per Share Highest (RM)	Purchase Price Per Share Lowest (RM)	Average Price per Share (exclude brokerage fees) (RM)	Total (RM)
October	595,200	1.75	1.68	1.72	1,025,207
November	373,800	1.8	1.76	1.78	665,050
	969,000				1,690,257

As at 31 December 2012, the number of treasury shares held was 1,324,000. None of the treasury shares were resold or cancelled during the financial year ended 31 December 2012.

Utilisation of Proceeds

During the financial year, there were no corporate proposals in which proceeds had been raised.

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

During the financial year, there were no non-audit fees paid to the external auditors.

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 financial 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.

Statement on Corporate Governance

The Board of Directors of MWE Holdings Berhad recognises the importance of good corporate governance and is committed to ensure the highest standards of corporate governance are practiced throughout the Company and its subsidiaries. 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 2012 ("the Code").

BOARD OF DIRECTORS

1. Board Charter

The Board had adopted a Board Charter on 26 April 2013 which was created to provide Directors and senior management with greater clarity regarding the expanding role of the Board, the requirements of Directors in carrying out their roles and discharging their duties to the Company, and the Board's operating practices. The core areas of the Board Charter include the following:-

(i) Board Membership, which includes composition, appointments and re-election, independence of Directors and new directorship;

(ii) Board Role, which includes duties and responsibilities and matters reserved for the Board;

(iii) Chairman and the Group Managing Director & Executive Director ("GMD&ED");

(iv) Board Committees;

(v) Board Meetings;

(vi) Director's Remuneration;

(vii) Directors' Training & Continuing Education;

(viii) Company Secretary;

(ix) Investor Relations and Shareholder Communication; and

(x) Access to Information and Independent Advice.

The details of the Board Charter are available for reference in the Company website at www.mweh.com.my.

2. Board Composition & 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 seven (7) members, comprising one (1) Independent Non-Executive Chairman, one (1) non-independent & non-executive director, three (3) 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, Nomination and Remuneration 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 director. 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 is mindful of the recommendation of the Code on limiting the tenure of independent directors to nine (9) years of service. The Board does not fix a maximum tenure limit for Directors as the Board is of the view that there are significant advantages to be gained from the long-serving Directors who possess great insight and knowledge of the Company's affairs. Furthermore, the ability of a Director to serve effectively as an Independent Director is very much a function of his calibre, qualification, experience and personal qualities, particularly of his integrity and objectivity in discharging his responsibilities in good faith in the best interest of the Company, has no compelling relationship to his tenure as an Independent Director. Although, term limits could help to ensure that there are fresh ideas and viewpoints available to the Board, they do pose the disadvantage of losing experienced Independent Directors who overtime have developed increased insight to the Company's and/or the Group's operations and therefore, provide an increasing contribution to the effectiveness of the Board as a whole. The Board therefore opined that imposing a fixed term for Independent Directors does not necessarily assure independence.

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.

3. Duties and Responsibilities of the Board

The Board is explicitly responsible for the stewardship of the Company and in discharging its obligations. The Board assumes, amongst others, reviewing and adopting strategic plan, overseeing the proper conduct of business, succession plan, risk management, shareholders' communication, internal control, management information systems to measure and manage risks. The presence of independent non-executive directors helps in providing independent and constructive views, advice and opinions to the benefit of the investors, customers, and other stakeholders. They also represent the element of objectivity, impartiality and independent judgment of the Board. This ensures that there is adequate check and balance at the Board level.

4. Board Meetings

Directors	Attendance
Tan Sri Dato' Seri (Dr) Aseh bin Hj. Che Mat	6/6
Tang King Hua	6/6
Lim Kong Yow	6/6
Tan Sri Dato' Surin Upatkoon	6/6
Dato' Lawrence Lim Swee Lin	6/6
Dato' Yogesvaran a/l T. Arianayagam	6/6
Tan Chor Teck	6/6

5. 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.

6. Board Committees

The Board has delegated certain functions to the Committees it established to assist in the execution of its responsibilities. The Committees operate under clearly defined terms of reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports to the Board the outcomes of the Committee meeting and such reports are included in the Board papers.

A summary of the various Committees at MWE and their compositions are as follows:-

Name	Audit Committee	Remuneration Committee	Nomination Committee
Tan Sri Dato' Surin Upatkoon	-	member	member
Dato' Yogesvaran a/l T. Arianayagam	Chairman	member	member
Dato' Lawrence Lim Swee Lin	member	-	-
Tan Chor Teck	member	Chairman	Chairman

7. Board Evaluation

The Board conducted an annual evaluation on the performance of the Board and its Board Committees. The evaluation process is led by the Nomination Committee and supported by the Company Secretary. The evaluation results are considered by the Nomination Committee which then make recommendations to the Board, are aimed at helping the Board to discharge its duties and responsibilities.

The Board has also undertaken an annual assessment of the independence of its Independent Director with the support of the Company Secretary. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company.

8. 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.

The decision as to who shall be nominated remains the responsibility of the full Board after considering the recommendations of the Nomination Committee. The Board, through the Nomination Committee, will review the suitability of an individual to be appointed taking into account the skills, expertise, background and experience.

9. Re-election of Directors

The capacity, energy and enthusiasm of a Director is not necessarily link to age. It is deemed not appropriate to prescribe age limits for the retirement of Directors. The Board believes in having a healthy mix of age and experience and therefore does not prescribe a minimum or maximum age limit of the Board apart from what is laid down under the Companies Act, 1965. 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. A Director shall at least once every three (3) years retire at each annual general meeting in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 during the financial year shall be subject to re-election at the next Annual General Meeting after their appointment.

10. Directors' Training

All Directors of the Company have attended the Mandatory Accreditation Programme conducted by the Approved Organiser. The Directors aware and are encouraged to attend continuing education training programmes to keep themselves abreast of the current developments and business environment affecting their roles and responsibilities to the Group.

During the financial year ended 31 December 2012, all the directors have attended their training programme on "Malaysian Code of Corporate Governance".

11. Directors' Remuneration

The Remuneration Committee is entrusted with the responsibility of developing the policy on Group Managing Director and Executive Director ("GMD&ED") remuneration package and recommending to the Board the remuneration and compensation of GMD&ED.

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

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

The aggregate remuneration of the Directors for the year ended 31 December 2012, are categorized into the following components:-

	Fees (RM)	Bonus and Salary (RM)	Incentive (RM)	Other EPF (RM)	Emoluments (RM)	Total (RM)
Executive Directors	99,000	1,085,224	419,602	166,196	6,000	1,776,022
Non-Executive Directors	228,000	-	-	-	20,500	248,500
Total	**327,000**	**1,085,224**	**419,602**	**166,196**	**26,500**	**2,024,522**

The number of Directors whose remuneration fall in each successive band of RM50,000 are set out below:-

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
Below 50,000	-	4
50,001 - 100,000	-	1
500,001 – 550,000	1	-
1,200,001 – 1,250,000	1	-

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.

ACCOUNTABILITY AND AUDIT

1. 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.

2. 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.

3. 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 Risk Management and Internal Control of the Group is set out on Page 27 of the Annual Report.

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the year ended 31 December 2012 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.

4. 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.

CODE AND POLICIES

1. Code of Ethics and Conduct

The Code of Ethics and Conduct ("the CEC") which sets out the principles and standards of business ethics and conduct of the Group, has been adopted by the Board on 26 April 2013.

The core areas of conduct under the CEC include the following:-

- Conflict of interest;
- Confidential information;
- Inside information and securities trading;
- Protection of assets and funds;
- Business records and control;
- Compliance to the law;
- Personal gifting;
- Health and safety;
- Sexual harassment;
- Outside interests;
- Fair and courteous behaviour; and
- Misconduct.

2. Whistle-Blowing Policy

The Whistle-Blowing Policy of the Company was adopted on 26 April 2013 following the introduction of the Whistleblower Protection Act 2010 to enhance the coverage and protection to whistleblowers, which encompasses report of suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group. The aim of this policy is to encourage the reporting of such matters, in good faith, with the confidence that employees making such reports will, to the extent possible, be protected from reprisal.

The Whistle-Blowing Policy is posted on the Company's website at www.mweh.com.my for ease of access for reporting by employees and associates of the Group.

3. Corporate Disclosure Policy

The Board places importance in ensuring disclosure made to shareholders and investors is comprehensive, accurate and on a timely and even basis as it is critical building and maintaining corporate credibility and investor confidence. A Corporate Disclosure Policy for the Group to set out the policies and procedures for disclosure of material information is being addressed, following the emphasis of Bursa Securities as outlined in its Corporate Guide.

This Corporate Governance Statement has been approved by the Board of MWE on 26 April 2013.

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 2012.

COMPOSITION

The Committee comprises three (3) Independent Non-Executive Directors. The following are the Committee members:-

Dato' Yogesvaran a/l T. Arianayagam
Dato' Lawrence Lim Swee Lin
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 2012 and the attendance record is as follows:-

	24/2/2012	12/4/2012	25/5/2012	16/8/2012	21/11/2012
Dato' Yogesvaran a/l T. Arianayagam	✓	✓	✓	✓	✓
Tan Chor Teck	✓	✓	✓	✓	✓
Dato' Shahbudin bin Imam Mohamad (Retired at Annual General Meeting held on 4 June 2012)	X	X	X	-	-
Dato' Lawrence Lim Swee Lin (Appointed w.e.f. 16 August 2012)	N/A	N/A	N/A	N/A	✓

ACTIVITIES

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

- Reviewed and approved the annual internal audit plan for year 2012.
- 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 2012 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 2012 was RM36,000.00.

Statement On Risk Management and Internal Control

Introduction

The Board is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2012, which has been prepared pursuant to paragraph 15.26 (b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Public listed Issuers ("the Guidelines"). The statement below outlines the nature and scope of internal control of the Company during the financial year under review.

Board Responsibility

The Board recognises its overall responsibility in promoting good corporate governance and maintaining a sound system of internal control and risk management and the need to review its adequacy and integrity of those systems on a regular basis to safeguard the shareholders' interests and the Group's assets. 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.

Risk Management Framework

The Board acknowledges that the Company's business activities involve some degree of risks and key management staff and Heads of Department are responsible for managing identified risks within defined parameters and standards.

Though the Company does not have a specific committee for overseeing the risks of the Company and its Group but the Board has identified a competent staff, the Chief Financial Controller with the assistance of key management staff to identify, evaluate and managing the significant risks faced by the Company. During the year under review, the process was carried out through periodic management meetings held to communicate and deliberate key issues and risks amongst Management team members and where appropriate, controls are devised and implemented. Significant risks identified are escalated to the Board for their attention by the Group Managing Director or the Chief Financial Controller.

The abovementioned practices by the Management serves as the ongoing process used to identify, assess and manage key business, operations and financial risks faced by the Company.

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.

Assurance on Internal Control to the Board

The responsibility for reviewing the adequacy and integrity of the risk management and 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.

Conclusion

In line with the Guidelines, the Group Managing Director and Chief Financial Officer will provide some assurance to the Board stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

The Board is committed towards operating a sound system of internal control and effective risk management practices throughout the Group. 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.

However, 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 2012

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 2012.

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 except for the proposed disposal of Fauzi-Lim Plantation Sdn Bhd, Etika Gangsa Sdn Bhd and Taka Worldwide Trading Sdn Bhd and the disposal of Davex (Malaysia) Sdn Bhd as disclosed in Note 21 and 40 respectively.

Results

	Group RM	Company RM
Profit net of tax	141,906,637	26,944,532
Attributable to:		
Owners of the parent	139,723,550	26,944,532
Non-controlling interests	2,183,087	-
	141,906,637	26,944,532

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 2011 were as follows:

	RM
(a) In respect of the financial year ended 31 December 2011 as reported in the directors' report of that year:	
- Second interim dividend of 5% single tier on 231,204,015 shares declared on 24 February 2012 and paid on 30 March 2012	11,560,201

Dividends (cont'd)

The amount of dividends paid by the Company since 31 December 2011 were as follows (cont'd):

	RM
(b) In respect of the financial year ended 31 December 2012:	
- Interim dividend of 6% single tier on 231,204,015 shares declared on 16 August 2012 and paid on 24 September 2012	13,872,241
	25,432,442

Subsequent to the financial year end, on 28 February 2013, the Directors declared a second interim single tier dividend of 4% and a special single tier dividend of 5%, with the total amounting to approximately RM20,721,151 in respect of the current financial year. This is computed based on the issued and paid-up capital as at 31 December 2012, 230,235,015 ordinary shares of RM1 each (excluding treasury shares of 1,324,000), to be paid and distributed to shareholders whose names appear in the Record of Depositors at the close of business on 18 March 2013. 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 2013. The Directors do not propose any final dividend for the financial year ended 31 December 2012.

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 4 June 2012. 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 enhance 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.

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.

During the financial year, the Company repurchased totalling 969,000 ordinary shares at a total consideration of RM1,695,797 from the open market at prices ranging from RM1.68 to RM1.80 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 2012, the total number of treasury shares held by the Company is 1,324,000 (2011: 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
Tan Sri Dato' Surin Upatkoon
Tang King Hua
Lim Kong Yow
Dato' Lawrence Lim Swee Lin
Tan Chor Teck
Dato' Yogesvaran a/l T Arianayagam
Dato' Shahbudin bin Imam Mohamad *(Retired at Annual General Meeting held on 4 June 2012)*

In accordance with the Company's Articles of Association, Tan Sri Dato' Surin Upatkoon and Mr Tang King Hua retire from the board at the forthcoming AGM and, being eligible, offer themselves for re-election.

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 43 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			
	1.1.2012	**Acquired**	**Sold**	**31.12.2012**
The Company				
Direct Interest:				
Tan Sri Dato' Surin Upatkoon	786,630	-	-	786,630
Tang King Hua	12,030,800	-	-	12,030,800
Lim Kong Yow	48,000	-	-	48,000
Dato' Lawrence Lim Swee Lin	424,000	24,000	-	448,000
Tan Chor Teck	374,000	46,000	-	420,000

Directors' interests (cont'd)

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 (cont'd):

	Number of ordinary shares of RM1.00 each			
	1.1.2012	Acquired	Sold	31.12.2012
The Company				
Deemed Interest:				
Tan Sri 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
Dato' Lawrence Lim Swee Lin	287,000	-	-	287,000
Tan Chor Teck	9,851,480	32,800	-	9,884,280

By virtue of his interests in shares in the Company, Tan Sri 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			
	1.1.2012	Acquired	Sold	31.12.2012
Subsidiary - Phili-Orient Lines (Penang) Sdn Bhd				
Direct Interest	60,392	144,117	-	204,509
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.

Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 21 and 40 to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Note 51 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 26 April 2013.

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 38 to 129 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 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 53 to the financial statements on page 130 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 26 April 2013.

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 38 to 130 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
26 April 2013. **Lim Kong Yow**

Before me,

Agong Sia (W460)
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 2012 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 38 to 129.

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 Group's and 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 Group's and 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 2012 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 reporting responsibilities

The supplementary information set out in Note 53 to the financial statements on page 130 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.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
26 April 2013

Statements Of Financial Position
As At 31 December 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Assets					
Non-current assets					
Property, plant and equipment	4	72,712,540	104,548,642	-	-
Investment properties	5	55,855,500	56,444,500	-	-
Biological assets	6	-	9,697,148	-	-
Land use rights	7	341,477	26,561,256	-	-
Intangible assets	8	2,231,787	16,832,236	-	-
Land held for property development	9	25,905,383	27,631,154	-	-
Investment in subsidiaries	10	-	-	296,000,883	314,298,038
Investment in associates	11	3,007,322	2,657,001	1	1
Other investments	12	251,370,802	187,652,432	247,567,992	182,439,977
Deferred tax assets	13	-	982,175	-	-
Amount due from subsidiaries	14	-	-	7,051,108	13,937,692
		411,424,811	433,006,544	550,619,984	510,675,708
Current assets					
Inventories	15	37,418,666	74,370,944	-	-
Property development costs	16	3,541	6,701,040	-	-
Trade and other receivables	17	68,743,986	75,405,467	10,916	9,692,305
Amount due from subsidiaries	14	-	-	19,966,414	17,908,602
Amount due from associates	18	16,417,011	14,100,144	-	-
Accrued billing in respect of property development cost		-	3,713,234	-	-
Prepayments		2,255,672	2,592,780	-	-
Current tax receivable		5,205,674	4,022,781	2,189,547	865,791
Cash and bank balances	19	216,418,450	121,290,270	7,027,612	2,252,479
Derivatives	20	-	6,170	-	-
		346,463,000	302,202,830	29,194,489	30,719,177
Assets of disposal group classified as held for sale	21	36,535,285	-	-	-
		382,998,285	302,202,830	29,194,489	30,719,177
Total assets		794,423,096	735,209,374	579,814,473	541,394,885

Statements Of Financial Position
As At 31 December 2012 (Cont'd)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Equity and liabilities					
Current liabilities					
Trade and other payables	22	44,760,127	90,041,701	3,779,429	9,509,193
Amount due to subsidiaries	14	-	-	43,657,756	8,015,933
Amount due to associates	18	427,691	-	-	-
Progress billing in respect of property development cost		-	6,767	-	-
Loans and borrowings	23	65,694,486	89,299,296	60,350,000	83,316,808
Current tax payable		1,963,801	5,143,190	-	-
		112,846,105	184,490,954	107,787,185	100,841,934
Liabilities directly associated with disposal group classified as held for sale	21	579,818	-	-	-
		113,425,923	184,490,954	107,787,185	100,841,934
Net current assets/(liabilities)		269,572,362	117,711,876	(78,592,696)	(70,122,757)
Non-current liabilities					
Loans and borrowings	23	55,858,301	80,734,019	50,000,000	72,600,000
Deferred tax liabilities	13	1,732,200	2,007,943	-	-
Deferred income	25	13,521,505	14,142,132	-	-
		71,112,006	96,884,094	50,000,000	72,600,000
Total liabilities		184,537,929	281,375,048	157,787,185	173,441,934
Net assets		609,885,167	453,834,326	422,027,288	367,952,951
Equity attributable to owners of the parent					
Share capital	26	231,559,015	231,559,015	231,559,015	231,559,015
Reserves	27	367,823,564	203,298,117	192,398,911	136,628,777
Treasury shares	28	(1,930,638)	(234,841)	(1,930,638)	(234,841)
		597,451,941	434,622,291	422,027,288	367,952,951
Non-controlling interests		12,433,226	19,212,035	-	-
Total equity		609,885,167	453,834,326	422,027,288	367,952,951
Total equity and liabilities		794,423,096	735,209,374	579,814,473	541,394,885

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 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Revenue	30	498,663,706	490,644,375	59,096,372	91,907,618
Cost of sales	31	(377,898,861)	(367,520,992)	-	-
Gross profit		120,764,845	123,123,383	59,096,372	91,907,618
Other items of income					
Interest income	32	2,760,814	2,816,819	1,220,351	1,188,363
Net gain/(loss) from investments	33	114,649,088	16,085,425	(17,970,700)	(2,139,017)
Other income	34	11,323,955	5,388,050	1,050,550	2,249,530
Other items of expense					
Administrative expenses		(71,668,579)	(62,857,016)	(6,977,957)	(9,183,697)
Marketing and distribution		(17,044,585)	(16,882,980)	-	-
Finance costs	35	(7,540,995)	(6,709,530)	(5,656,688)	(4,504,602)
Share of results of associates		350,959	(232,425)	-	-
Profit before tax	36	153,595,502	60,731,726	30,761,928	79,518,195
Income tax expense	37	(11,688,865)	(12,436,652)	(3,817,396)	(8,208,055)
Profit net of tax		141,906,637	48,295,074	26,944,532	71,310,140
Other comprehensive income					
Fair value gain on available-for-sale financial assets		54,258,044	26,289,437	54,258,044	26,289,437
Realisation of capital reserve		-	(450,000)	-	-
Foreign currency translation		(1,269,554)	(288,815)	-	-
Other comprehensive income for the year		52,988,490	25,550,622	54,258,044	26,289,437
Total comprehensive income for the year		194,895,127	73,845,696	81,202,576	97,599,577

Statements Of Comprehensive Income
For The Year Ended 31 December 2012 (Cont'd)

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Profit attributable to:					
Owners of the parent		139,723,550	47,290,301	26,944,532	71,310,140
Non-controlling interests		2,183,087	1,004,773	-	-
		141,906,637	48,295,074	26,944,532	71,310,140
Total comprehensive income attributable to:					
Owners of the parent		192,876,759	72,671,070	81,202,576	97,599,577
Non-controlling interests		2,018,368	1,174,626	-	-
		194,895,127	73,845,696	81,202,576	97,599,577
Earnings per ordinary share attributable to owners of the parent (sen per share)					
Basic/diluted	38	60.69	20.45		

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 2012

	←	Attributable to owners of the parent							→		
		←	Non-distributable				→				
								Distributable			
	Share capital (Note 26)	Share premium (Note 27)	Treasury shares (Note 28)	Exchange translation reserve (Note 27)	Capital reserve (Note 27)	Revaluation reserve (Note 27)	Fair value reserve (Note 27)	Retained earnings (Note 29)	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
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 (Note 39)	-	-	-	-	-	-	-	(34,680,603)	(34,680,603)	-	(34,680,603)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,047,200)	(1,047,200)
	-	-	-	-	-	-	-	(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
At 1 January 2012	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
Total comprehensive income	-	-	-	(1,104,835)	-	-	54,258,044	139,723,550	192,876,759	2,018,368	194,895,127
Transactions with owners:											
Purchase of treasury shares	-	-	(1,695,797)	-	-	-	-	-	(1,695,797)	-	(1,695,797)
Disposal of subsidiaries	-	-	-	(2,918,870)	-	-	-	-	(2,918,870)	(3,887,818)	(6,806,688)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	(406,373)	(406,373)
Dividends on ordinary shares (Note 39)	-	-	-	-	-	-	-	(25,432,442)	(25,432,442)	-	(25,432,442)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(4,502,986)	(4,502,986)
	-	-	(1,695,797)	(2,918,870)	-	-	-	(25,432,442)	(30,047,109)	(8,797,177)	(38,844,286)
At 31 December 2012	231,559,015	23,586,099	(1,930,638)	453,688	704,156	3,636,411	110,722,742	228,720,468	597,451,941	12,433,226	609,885,167

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

Statement Of Changes In Equity
For The Year Ended 31 December 2012

	Non-distributable				Distributable	
	Share capital (Note 26) RM	Share premium (Note 27) RM	Treasury shares (Note 28) RM	Fair value reserve (Note 27) RM	retained earnings (Note 29) RM	Total RM
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 39)	-	-	-	-	(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
At 1 January 2012	231,559,015	23,586,099	(234,841)	56,464,698	56,577,980	367,952,951
Shares purchased held as treasury shares	-	-	(1,695,797)	-	-	(1,695,797)
Total comprehensive income	-	-	-	54,258,044	26,944,532	81,202,576
Dividends paid (Note 39)	-	-	-	-	(25,432,442)	(25,432,442)
At 31 December 2012	231,559,015	23,586,099	(1,930,638)	110,722,742	58,090,070	422,027,288

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 2012

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before tax	153,595,502	60,731,726	30,761,928	79,518,195
Adjustments for:				
Amortisation of biological assets	614,093	614,093	-	-
Amortisation of land use rights	500,171	500,169	-	-
Bad debts written off	4,863,844	224,419	4,666,803	36,070
Depreciation of property, plant and equipment	7,276,400	8,522,282	-	-
Fair value adjustment on investment properties	671,126	(491,250)	-	-
Gain on disposal of property, plant and equipment	(7,468,633)	(659,068)	-	-
Impairment of goodwill	13,285,515	-	-	-
Impairment loss on				
- trade receivables	265,713	394,431	-	-
- other receivables	2,074,522	5,938,448	21,919	1,809,889
- advances to subsidiaries	-	-	115,948	-
- advances to associates	278,300	-	-	-
Loss/(Gain) on disposal of investment property	18,000	(41,000)	-	-
Net fair value loss/(gain) on derivative assets/ liabilities	6,170	(1,009,311)	-	-
Net (gain)/loss from investments (Note 33)	(114,649,088)	(16,085,425)	17,970,700	2,139,017
Property, plant and equipment written off	29,189	3,556	-	-
Realisation of capital reserve	-	(450,000)	-	-
Reversal of impairment loss on				
- trade receivables	(362,849)	(259,486)	-	-
- other receivables	(362,389)	-	(362,389)	-
- advances to subsidiaries	-	-	(50,000)	(1,046,000)
Share of (profit)/loss of associates	(350,959)	232,425	-	-
Write-down of inventories	737,160	391,386	-	-
Unrealised foreign exchange loss/(gain)	384,207	(2,194,351)	-	-
Gross dividend income	(10,596,372)	(7,951,128)	(59,096,372)	(91,907,618)
Interest income	(2,760,814)	(2,816,819)	(1,220,351)	(1,188,363)
Interest expenses	7,540,995	6,709,530	5,656,688	4,504,602
Operating profit/(loss) before working capital changes	55,589,803	52,304,627	(1,535,126)	(6,134,208)
Changes in inventories	2,683,376	3,336,408	-	-
Changes in property development costs and land held for property development	8,423,270	11,131,917	-	-
Changes in receivables	(35,430,045)	4,830,006	5,355,056	(6,822,244)
Changes in payables	(1,651,867)	3,758,810	(5,729,764)	5,301,397
Changes in trade line borrowings	(20,631)	(5,565,355)	-	-
Cash generated from/(used in) operations	29,593,906	69,796,413	(1,909,834)	(7,655,055)
Interest received	2,760,814	2,816,819	1,220,351	1,188,363
Interest paid	(7,540,995)	(6,709,530)	(5,656,688)	(4,504,602)
Tax (paid)/refunded	(9,760,645)	(12,346,474)	-	554,806
Net cash generated from/(used in) operating activities	15,053,080	53,557,228	(6,346,171)	(10,416,488)

Statements Of Cash Flows
For The Year Ended 31 December 2012 (Cont'd)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash flows from investing activities				
Capital return by a subsidiary	-	-	1,907,143	15,966,756
Disposal of subsidiary, net of cash (Note 40)	153,415,411	(1,127,225)	-	-
Net advances from subsidiaries	-	-	4,606,165	5,157,780
Net dividends received from subsidiaries	-	-	46,000,000	65,842,480
Net dividends received from associates	-	5,895,600	-	5,895,600
Net dividends received from other investments	7,955,220	5,968,798	7,955,220	5,968,797
Purchase of property, plant and equipment	(4,545,495)	(12,434,951)	-	-
Purchase of investment properties	(520,126)	(3,719,300)	-	-
Purchase of biological assets	(99,276)	-	-	-
Purchase of associates	-	(75,648)	-	-
Purchase of other investments	(12,294,000)	(94,009,167)	(12,294,000)	(94,009,167)
Proceed from disposal of associate	-	27,279,477	-	27,279,477
Proceeds from disposal of property, plant and equipment	16,368,624	2,023,505	-	-
Proceeds from disposal of investment properties	420,000	14,000,000	-	-
Proceeds from disposal of other investments	-	2,415,635	-	2,415,635
Redemption of preference shares in an investee company	-	3,250,000	-	-
Net cash generated from/(used in) investing activities	160,700,358	(50,533,276)	48,174,528	34,517,358
Cash flows from financing activities				
Bank borrowings raised	-	104,670,000	-	99,090,000
Dividends paid to shareholders	(25,432,442)	(34,680,603)	(25,432,442)	(34,680,603)
Dividends paid to non-controlling interests	(4,502,986)	(1,047,200)	-	-
Repayment of bank borrowings	(43,564,689)	(11,667,493)	(42,040,000)	(11,200,000)
Repayment of hire purchase and finance lease instalments	(1,012,415)	(1,646,890)	-	-
Refinance of property, plant and equipment	810,000	-	-	-
Repayment to subsidiaries	-	-	35,641,823	(79,193,182)
Repurchase of shares	(1,695,797)	-	(1,695,797)	-
Net cash (used in)/generated from financing activities	(75,398,329)	55,627,814	(33,526,416)	(25,983,785)
Net increase/(decrease) in cash and cash equivalents	100,355,109	58,651,766	8,301,941	(1,882,915)
Effects of foreign exchange rate changes	70,639	110,160	-	-
	100,425,748	58,761,926	8,301,941	(1,882,915)
Cash and bank balances at beginning of year	117,472,034	58,033,645	(1,274,329)	608,586
Effects of foreign exchange rate changes	(907,555)	676,463	-	-
	116,564,479	58,710,108	(1,274,329)	608,586
Cash and bank balances at end of year	216,990,227	117,472,034	7,027,612	(1,274,329)
Represented by:				
Cash and bank balances	217,119,089	121,290,270	7,027,612	2,252,479
Bank overdrafts	(128,862)	(3,818,236)	-	(3,526,808)
	216,990,227	117,472,034	7,027,612	(1,274,329)

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 except for the proposed disposal of Fauzi-Lim Plantation Sdn Bhd, Etika Gangsa Sdn Bhd and Taka Worldwide Trading Sdn Bhd and the disposal of Davex (Malaysia) Sdn Bhd as disclosed in Notes 21 and 40 respectively.

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 2012 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 2012, 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
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

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

2.2 Changes in accounting policies (cont'd)

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:

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. The management expects to recover the carrying amounts of its investment properties through rental earned.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
FRS 101 Presentation of Items of Other Comprehensive Income (Amendments to FRS 101)	1 July 2012
Amendments to FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))	1 January 2013
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
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))	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 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013

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

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 116: Property, Plant and Equipment (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 132: Financial Instruments: Presentation (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 134: Interim Financial Reporting (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to FRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
FRS 9 Financial Instruments	1 January 2014

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

FRS 10 Consolidated Financial Statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

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.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

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.

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 above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below (cont'd):

FRS 12 Disclosures 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 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.

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.

Upon adoption of FRS 13, the Group will take into consideration the highest and best use of certain properties in measuring the fair value of such properties. The adoption of FRS 13 is expected to result in higher fair value of certain properties of the Group.

Amendments to FRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

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, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

FRS 9 Financial Instruments: Classification and Measurement

FRS 9 reflects the first phase of the work on the replacement of FRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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 two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

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 2014. 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.

(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.

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)

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 2012 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 2014.

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.

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.

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

2.5 Transactions with non-controlling interest (cont'd)

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.

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. Summary of significant accounting policies (cont'd)

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.

(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.

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

2.9 Intangible assets (cont'd)

(a) Goodwill (cont'd)

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.

(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.

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

2.10 Property, plant and equipment (cont'd)

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	10% - 33%
Motor vehicles	10% - 33%
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.

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

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.

2.14 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.

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.

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

2.15 Financial assets (cont'd)

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

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.

(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.

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

2.16 Impairment of financial assets (cont'd)

(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.

(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.

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 (cont'd)

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.

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.

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

2.20 Inventories (cont'd)

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.

(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.

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

2.22 Financial liabilities (cont'd)

(b) Other financial liabilities (cont'd)

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.

2.24 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.

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

2.25 Leases (cont'd)

(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).

2.26 Disposal group classified as held for sale

Asset of disposal group classified as held for sale 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, asset of disposal group classfied as held for sale 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.

(g) Interest income

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

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

2.28 Revenue (cont'd)

(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.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2.11, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

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 50, 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

The 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.

3.1 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.

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

3.1 Judgements made in applying accounting policies (cont'd)

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

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 2012 amounted to RM296,000,883 (2011: RM314,298,038) as disclosed in Note 10.

(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.

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

3.2 Key sources of estimation uncertainty (cont'd)

(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 17.

(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 Notes 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 RM43,936,917 (2011: RM45,203,073). 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 2012									
At cost									
At 1 January 2012	3,213,857	22,491,911	6,532,484	74,679,598	60,944,415	12,499,807	29,916,728	-	210,278,800
Additions	-	-	-	1,163,750	1,659,956	1,034,017	687,772	-	4,545,495
Disposals	-	(1,518,211)	(3,010,163)	(5,473,859)	(1,935,493)	(1,981,422)	(287,415)	-	(14,206,563)
Write-off	-	-	-	-	(30,254)	(176,001)	(86,596)	-	(292,851)
Reclassication	-	-	-	4,343,604	(3,683,094)	-	(660,510)	-	-
Disposal of subsidiaries	-	(78,000)	(3,022,064)	(12,586,091)	(15,384,290)	(4,452,067)	(4,469,164)	-	(39,991,676)
Reclassified to assets of disposal group classified as held for sale	-	-	-	(212,669)	(207,766)	(1,397,250)	(86,217)	-	(1,903,902)
Exchange differences	-	-	-	(165,726)	(305,788)	(18,028)	(103,928)	-	(593,470)
At 31 December 2012	3,213,857	20,895,700	500,257	61,748,607	41,057,686	5,509,056	24,910,670	-	157,835,833
Accumulated depreciation									
At 1 January 2012	-	4,175,395	1,089,038	15,553,478	49,975,485	7,997,857	26,938,905	-	105,730,158
Charge for the year	-	235,285	76,859	1,170,757	2,583,819	1,663,234	1,546,446	-	7,276,400
Disposals	-	(108,807)	(502,430)	(550,806)	(1,922,115)	(1,940,509)	(281,905)	-	(5,306,572)
Write-off	-	-	-	-	(19,117)	(175,997)	(68,548)	-	(263,662)
Reclassication	-	-	-	4,343,604	(2,884,415)	-	(660,510)	-	798,679
Adjustment	-	-	-	46,340	-	-	(845,019)	-	(798,679)
Disposal of subsidiaries	-	(12,607)	(465,081)	(1,885,924)	(11,361,811)	(2,637,232)	(3,926,813)	-	(20,289,468)
Reclassified to assets of disposal group classified as held for sale	-	-	-	(174,034)	(171,418)	(1,197,236)	(66,985)	-	(1,609,673)
Exchange differences	-	-	-	(52,701)	(256,494)	(8,816)	(95,879)	-	(413,890)
At 31 December 2012	-	4,289,266	198,386	18,450,714	35,943,934	3,701,301	22,539,692	-	85,123,293
Net carrying amount									
At 31 December 2012	3,213,857	16,606,434	301,871	43,297,893	5,113,752	1,807,755	2,370,978	-	72,712,540
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

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 2011									
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

(a) During the financial year, the Group acquired property, plant and equipment amounting to RM4,545,495 (2011: RM14,812,951) of which RM Nil (2011: RM2,378,000) was financed under hire purchase and finance lease arrangement.

During the financial year, the Group refinanced its property, plant and equipment with the carrying amount of RM621,237 (2011: RM Nil) for an additional drawdown of RM810,000 (2011: RM Nil).

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

	Group 2012 RM	Group 2011 RM
At net carrying amount		
Plant and machinery	1,491,379	2,053,206
Motor vehicles	659,374	1,946,399
	2,150,753	3,999,605

Details of the terms and condition of the hire purchase and finance lease arrangements are disclosed in Note 24.

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	
	2012 RM	2011 RM
At net carrying amount		
Long term leasehold land	16,606,434	17,016,087
Buildings	34,550,827	35,110,589
Plant and machinery	-	389,975
Motor vehicles	350,282	924,249
Furniture, fixtures and equipment	76,695	329,335
	51,584,238	53,770,235

5. Investment properties

	Group	
	2012 RM	2011 RM
At fair value		
At 1 January	56,444,500	66,192,950
Additions from acquisition	520,126	3,719,300
Disposals	(438,000)	(13,959,000)
Fair value adjustments	(671,126)	491,250
At 31 December	55,855,500	56,444,500
Investment properties consist of:		
Freehold land and buildings	45,518,500	45,669,500
Long term leasehold land and buildings	10,337,000	10,775,000
	55,855,500	56,444,500

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:

	Group	
	2012 RM	2011 RM
At net carrying amount		
Freehold land and buildings	32,948,500	32,948,500
Long term leasehold land and buildings	8,000,000	8,000,000
	40,948,500	40,948,500

6. Biological assets

	Group	
	2012 RM	2011 RM
Oil palm plantation development expenditure		
Cost		
At 1 January	12,000,000	12,000,000
Addition	99,276	-
Reclassified to assets of disposal group classified as held for sale	(12,099,276)	-
At 31 December 2012	-	12,000,000
Accumulated amortisation		
At 1 January	2,302,852	1,688,759
Amortisation for the year	614,093	614,093
Reclassified to assets of disposal group classified as held for sale	(2,916,945)	-
At 31 December	-	2,302,852
Net carrying amount		
At 31 December	-	9,697,148

7. Land use rights

	Long term leasehold land RM	Short term leasehold land RM	Total RM
Group			
At 31 December 2012			
Cost			
At 1 January 2012	28,000,000	602,608	28,602,608
Reclassified to assets of disposal group classified as held for sale	(28,000,000)	-	(28,000,000)
At 31 December 2012	-	602,608	602,608
Accumulated amortisation			
At 1 January 2012	1,800,308	241,044	2,041,352
Charge for the year	480,084	20,087	500,171
Reclassified to assets of disposal group classified as held for sale	(2,280,392)	-	(2,280,392)
At 31 December 2012	-	261,131	261,131
Net carrying amount			
At 31 December 2012	-	341,477	341,477
Amount to be amortised:			
- Not later than one year	-	20,087	20,087
- Later than one year but not later than five years	-	100,435	100,435
- Later than five years	-	220,955	220,955
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

7. **Land use rights (cont'd)**

	Long term leasehold land RM	Short term leasehold land RM	Total RM
At 31 December 2011			
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

8. **Intangible assets**

	Goodwill RM	Club membership RM	Total RM
Group			
Cost			
At 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
Disposal of subsidiaries	(1,669,033)	-	(1,669,033)
Exchange differences	-	(10,093)	(10,093)
At 31 December 2012	29,942,457	280,991	30,223,448
Accumulated impairment			
At 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
Impairment	13,285,515	-	13,285,515
Disposal of subsidiaries	(358,330)	-	(358,330)
Exchange differences	-	(5,862)	(5,862)
At 31 December 2012	27,828,457	163,204	27,991,661
Net carrying amount			
At 31 December 2011	16,710,218	122,018	16,832,236
At 31 December 2012	2,114,000	117,787	2,231,787

8. Intangible assets (cont'd)

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

The goodwill of the Group arose from business combinations. 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) Impairment testing of goodwill

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 or by the fair value of the asset held by asset-based subsidiaries which have not commenced its operations. Cashflow 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%.

(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

	Freehold land RM	Leasehold land RM	Total RM
Group			
2012			
Land at cost			
At 1 January	25,098,520	-	25,098,520
Addition	3,231,451	-	3,231,451
Disposal	(3,444,398)	-	(3,444,398)
At 31 December	24,885,573	-	24,885,573
Development costs			
At 1 January	2,532,634	-	2,532,634
Cost incurred during the year	327,286	-	327,286
Disposal	(1,840,110)	-	(1,840,110)
At 31 December	1,019,810	-	1,019,810
	25,905,383	-	25,905,383

9. Land held for property development (cont'd)

	Freehold land RM	Leasehold land RM	Total RM
Group			
2011			
Land at cost			
At 1 January	26,404,971	2,956,168	29,361,139
Costs transferred to an associated company	(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
Costs transferred to an associated company	(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

10. Investment in subsidiaries

	Company 2012 RM	Company 2011 RM
Unquoted shares at cost	375,801,880	377,552,364
Less: Accumulated impairment losses	(79,800,997)	(63,254,326)
	296,000,883	314,298,038

The Company's entire investment in a subsidiary amounting to RM37,079,042 (2011: RM37,079,042) has been pledged as security for a bank loan (Note 23).

10. Investment in subsidiaries (cont'd)

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 2012 %	2011 %
Alu-Paste & Pigments Sdn Bhd *	Investment holding	90	90
Davex Holdings Berhad *	Investment holding and letting of property for rental	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 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
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 *	Importing 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

10. Investment in subsidiaries (cont'd)

Subsidiaries of the Company	Principal activities	Proportion of ownership interest 2012 %	2011 %
Subsidiaries of Davex Holdings Berhad (cont'd.)			
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
Subsidiaries of Davex (Malaysia) Sdn Bhd			
Davex Australia Pty Ltd *** (incorporated in Australia)	Manufacturer, wholesaler and importer of electrical goods	-	100
Davex Engineering (M) Sdn Bhd *	Manufacturing and assembling of a range of electrical cable trunkings and lightings	-	100
Davex Singapore Pte Ltd *** (incorporated in the Republic of Singapore)	Trading in electrical products and provision of engineering services	-	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

10. Investment in subsidiaries (cont'd)

Subsidiaries of the Company	Principal activities	Proportion of ownership interest 2012 %	2011 %
Subsidiary of First Cosmopolitan Sdn Bhd			
Devanna Limited * (incorporated in British Virgin Islands)	Investment holding	100	100
Subsidiary of Metra Management Sdn Bhd			
Metra Nominees Sdn Bhd *	Provision of nominee services	100	100
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
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 **	Property development	100	100
Subsidiary of Jurangjaya Sdn Bhd			
Lup Ching Holdings Sdn Bhd **, ^	Inactive	-	100
Subsidiary of Melati Mewah Sdn Bhd			
Melati Mewah Property Services Sdn Bhd *	Provision of property managment 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 2012 %	2011 %
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*

* *Audited by Ernst & Young, Malaysia*

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

*** *Audited by member firms of Ernst & Young Global in the respective countries*

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 31 December 2011. The subsidiary subsequently changed its financial year end to 31 December in 2011.

At 31 December 2012, impairment losses on value of investment in certain subsidiaries were made based on their net tangible asset values at 31 December 2012. 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 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Unquoted shares at cost	20,196,934	20,196,934	16,747,096	16,747,096
Less: Accumulated impairment losses	-	-	(16,747,095)	(16,747,095)
	20,196,934	20,196,934	1	1
Group's share of post-acquisition reserves and profit	(17,189,612)	(17,539,933)	-	-
	3,007,322	2,657,001	1	1

	Group 2012 RM	Group 2011 RM
Represented by:		
Attributable share of net assets of associates	3,007,322	2,657,001

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 2012 RM	Group 2011 RM
Share of loss not recognised		
- in the current year	(395,061)	(264,270)
- cumulatively	(5,864,958)	(5,469,897)

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

Name of associates	Principal activities	Proportion of ownership interest 2012 %	Proportion of ownership interest 2011 %
Held by the Company:			
Premier Capital Holdings Sdn Bhd	Investment holding	30	30
Held through subsidiaries:			
Advanced Mobile Services & Solutions Sdn Bhd	Investment holding	36	36

11. Investments in associates (cont'd)

Name of associates	Principal activities	Proportion of ownership interest 2012 %	2011 %
Held through subsidiaries (cont'd):			
Island Garden Development Sdn Bhd (dissolved)	Housing development	-	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	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 2012 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2012 and that date.

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

	Group 2012 RM	Group 2011 RM
Assets and liabilities		
Current assets	19,003,667	14,696,468
Non-current assets	14,734,021	15,423,628
Total assets	33,737,688	30,120,096
Current liabilities	(62,062,987)	(57,948,507)
Non-current liabilities	(15,100,000)	(15,100,000)
Total liabilities	(77,162,987)	(73,048,507)

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 (cont'd):

	Group	
	2012	2011
	RM	RM
Results		
Revenue	6,246,436	13,471,576
Loss for the year	(560,718)	(472,376)

12. Other investments

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Available-for-sale financial assets				
Equity instruments quoted in Malaysia				
- At market value	231,298,551	177,067,178	231,298,546	177,067,173
Equity instruments quoted outside Malaysia				
- At market value	123,869	97,198	123,869	97,198
Unquoted equity instruments at cost	48,841,944	36,547,944	32,773,523	20,479,523
Less: Accumulated impairment losses	(28,893,562)	(26,059,888)	(16,627,946)	(15,203,917)
	19,948,382	10,488,056	16,145,577	5,275,606
	251,370,802	187,652,432	247,567,992	182,439,977
Market value				
- equity instruments quoted in Malaysia	231,298,551	177,067,178	231,298,546	177,067,173
- equity instruments quoted outside Malaysia	123,869	97,198	123,869	97,198
	231,422,420	177,164,376	231,422,415	177,164,371

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 RM230,440,547 (2011: RM170,880,000) pledged to the bank for banking facilities granted to the Company.

12. Other investments (cont'd)

Impairment losses

During the financial year, the Group and the Company recognised impairment losses of RM2,833,674 (2011: RM Nil) and RM1,424,029 (2011: RM Nil) for unquoted equity instruments carried at cost respectively as these investments have been consecutively incurring losses for a prolonged period. The Group and the Company treats "prolonged" as greater than 24 months.

13. Deferred tax

	Group	
	2012 RM	2011 RM
At 1 January	(1,025,768)	(1,960,340)
Recognised in profit or loss (Note 37)	209,151	872,368
Disposal of a subsidiary	(905,007)	41,581
Exchange differences	(10,576)	20,623
At 31 December	(1,732,200)	(1,025,768)
Presented after appropriate offsetting as follows:		
Deferred tax assets	-	982,175
Deferred tax liabilities	(1,732,200)	(2,007,943)
	(1,732,200)	(1,025,768)

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

Deferred tax assets of the Group:

	Unused tax losses and unabsorbed capital allowances RM	Others RM	Total RM
At 1 January 2012	1,504,508	1,140,517	2,645,025
Recognised in profit or loss	161,245	(190,769)	(29,524)
Disposal of a subsidiary	-	(920,183)	(920,183)
Exchange differences	-	(11,187)	(11,187)
At 31 December 2012	1,665,753	18,378	1,684,131

13. Deferred tax (cont'd)

Deferred tax assets of the Group (cont'd):

	Unused tax losses and unabsorbed capital allowances RM	Others RM	Total RM
At 1 January 2011	(41,581)	1,115,729	1,074,148
Recognised in profit or loss	1,504,508	3,485	1,507,993
Disposal of a subsidiary	41,581	-	41,581
Exchange differences	-	21,303	21,303
At 31 December 2011	1,504,508	1,140,517	2,645,025

Deferred tax liabilities of the Group:

	Property, plant and equipment RM	Land held for property development RM	Investment properties RM	Total RM
At 1 January 2012	(957,338)	(1,501,318)	(1,212,137)	(3,670,793)
Recognised in profit or loss	238,675	-	-	238,675
Disposal of a subsidiary	15,176	-	-	15,176
Exchange differences	611	-	-	611
At 31 December 2012	(702,876)	(1,501,318)	(1,212,137)	(3,416,331)
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)

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

	Group 2012 RM	Group 2011 RM
Unused tax losses	38,923,808	36,412,169
Unabsorbed capital allowances	3,883,621	3,767,457
Other deductible temporary differences	1,129,488	5,023,447
	43,936,917	45,203,073

13. Deferred tax (cont'd)

Unused tax losses

At the reporting date, the Group has tax losses of approximately RM38,923,808 (2011: RM36,412,169) 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.

Tax consequences of proposed dividends

There are no income tax consequences (2011: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 39).

14. Amount due from/(to) subsidiaries

	Company	
	2012 RM	2011 RM
Non-current		
Loan to subsidiaries	7,051,108	13,937,692
Current		
Amount due from subsidiaries	30,421,656	28,297,896
Less: Allowance for impairment	(10,455,242)	(10,389,294)
	19,966,414	17,908,602
Current		
Amount due to subsidiaries	(43,657,756)	(8,015,933)

(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 4.20% and 6.43% (2011: 4.20% and 6.43%) per annum.

(b) Amount due to subsidiaries

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

15. Inventories

	Group 2012 RM	Group 2011 RM
Cost		
Finished goods	1,235,176	25,242,962
Raw materials	15,464,704	23,839,212
Work-in-progress	8,422,316	9,781,495
Consumable stores and spares	5,087,975	6,250,409
Commercial trucks held for sale	5,933,105	7,713,476
Inventories of completed development units	1,143,390	1,343,390
	37,286,666	74,170,944
Net realisable value		
Commercial trucks held for sale	132,000	200,000
	37,418,666	74,370,944

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM316,049,270 (2011: RM306,967,780).

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

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

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

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

	Group 2012 RM	Group 2011 RM
Finished goods	-	13,944,803
Consumable stores and spares	5,087,974	5,870,319
Commercial trucks held for sale	6,065,105	7,913,476
	11,153,079	27,728,598

16. Property development costs

	Group 2012 RM	Group 2011 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	89,772,281	79,535,547
	112,302,513	102,065,779
Add: Development costs incurred	5,737,324	804,353
Transfer from land held for property development (Note 9)		
- leasehold land	-	2,956,168
- development costs	-	6,476,213
	118,039,837	112,302,513
Less: Costs transferred to associated company	(6,130,873)	-
Less: Costs recognised as an expense in the profit or loss		
- Recognised in previous financial years	(105,601,473)	(94,782,757)
- Recognised during the year (Note 31)	(6,303,950)	(10,818,716)
	(111,905,423)	(105,601,473)
At 31 December	3,541	6,701,040

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. Trade and other receivables

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Trade receivables				
Third parties	36,458,138	64,610,687	-	-
Less: Allowance for impairment	(5,596,588)	(5,972,787)	-	-
Trade receivables, net	30,861,550	58,637,900	-	-
Other receivables				
Third parties	49,843,765	26,658,798	1,288,353	11,858,871
Less: Allowance for impairment	(12,888,432)	(11,916,058)	(1,281,937)	(2,171,066)
Other receivables, net	36,955,333	14,742,740	6,416	9,687,805
Deposits	927,103	2,024,827	4,500	4,500
	37,882,436	16,767,567	10,916	9,692,305
Total trade and other receivables	68,743,986	75,405,467	10,916	9,692,305
Add: Cash and bank balances (Note 19)	216,418,450	121,290,270	7,027,612	2,252,479
Add: Amount due from subsidiaries (Note 14)	-	-	27,017,522	31,846,294
Add: Amount due from associates (Note 18)	16,417,011	14,100,144	-	-
Total loans and receivables	301,579,447	210,795,881	34,056,050	43,791,078

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 (2011: 7 to 120) days.

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

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.

17. Trade and other receivables (cont'd)

Ageing analysis of trade receivables

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

	Group 2012 RM	Group 2011 RM
Neither past due nor impaired	25,906,469	43,762,463
1 to 30 days past due not impaired	1,737,321	5,885,852
31 to 60 days past due not impaired	1,586,970	5,075,424
61 to 90 days past due not impaired	1,241,455	1,276,861
91 to 120 days past due not impaired	100,739	863,160
More than 121 days past due not impaired	288,596	1,774,011
	4,955,081	14,875,308
Impaired	5,596,588	5,972,916
Total	36,458,138	64,610,687

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 RM4,955,081 (2011: RM14,875,308) 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 2012 RM	Group Individually impaired 2011 RM
Trade receivables - nominal amounts	5,596,588	5,972,916
Less : Allowance for impairment	(5,596,588)	(5,972,787)
	-	129

17. Trade and other receivables (cont'd)

Movement in allowance accounts - trade receivables

	Group 2012 RM	Group 2011 RM
At 1 January	5,972,787	5,871,436
Charge for the year (Note 36)	265,713	394,431
Written off	(37,268)	(161,751)
Reversal of impairment losses (Note 34)	(362,849)	(259,486)
Disposal of subsidiaries	(243,077)	-
Exchange differences	1,282	128,157
At 31 December	5,596,588	5,972,787

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.

Other receivables that are impaired

At the reporting date, the Group and the Company have provided an allowance of RM12,888,432 (2011: RM11,916,058) and RM1,281,937 (2011: RM2,171,066) respectively for impairment of the unsecured advances given to third parties.

Movement in allowance accounts - other receivables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
At 1 January	11,916,058	5,785,095	2,171,066	361,177
Charge for the year (Note 36)	2,074,522	5,938,448	21,919	1,809,889
Impairment recovered (Note 34)	(362,389)	-	(362,389)	-
Written off	(548,659)	-	(548,659)	-
Exchange differences	(191,100)	192,515	-	-
At 31 December	12,888,432	11,916,058	1,281,937	2,171,066

18. Amount due from/(to) associates

	Group 2012 RM	Group 2011 RM
Amount due from associates	17,845,311	15,250,144
Less: Allowance for impairment	(1,428,300)	(1,150,000)
	16,417,011	14,100,144
Amount due to associate	(427,691)	-

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

19. Cash and bank balances

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Cash on hand and at banks	192,519,911	54,658,204	3,839,115	1,068,682
Deposits with				
- Licensed banks in Malaysia	12,908,804	46,500,685	3,188,497	1,183,797
- Foreign banks	11,690,374	20,131,381	-	-
	217,119,089	121,290,270	7,027,612	2,252,479
Reclassified to assets of disposal group cassified as held for sale (Note 21)	(700,639)	-	-	-
	216,418,450	121,290,270	7,027,612	2,252,479

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

- amounts of RM493,721 (2011: RM259,880) 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 RM65,388 (2011: RM2,096) 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.

- included in 2011 was an amount of RM9,191 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.

19. Cash and bank balances (cont'd)

The effective interest rates of the deposits are as follows:

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Licensed banks in Malaysia	1.89 - 3.70	1.89 - 3.70	2.70 - 3.10	2.50 - 3.00
Foreign banks	6.50 - 7.00	14.00 - 15.00	-	-

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

Fixed deposits amounting to RM2,426,081 (2011: RM1,525,228) and RM188,497 (2011: RM183,016) of the Group and of the Company specifically are pledged as securities for bank guarantees and other credit facilities granted to the Group and the Company.

Included in fixed deposits of the Group is an amount of RM244,337 (2011: RM223,672) 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.

20. Derivatives

	Group			
	2012 RM		2011 RM	
	Contract/ Notional amount	Assets	Contract/ Notional amount	Assets
Non-hedging derivatives				
Current				
Forward currency contracts	-	-	6,593,675	6,170
Total held for trading financial assets		-		6,170

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.

In previous financial year, 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 (Note 48(d)).

During the financial year, the Group recognised a loss of RM6,170 (2011: gain of RM1,009,311) 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 47.

21. Assets and liabilities of disposal group classified as held for sale

In February 2013, the Company disposed its 100% owned subsidiaries, Fauzi-Lim Plantation Sdn Bhd, Etika Gangsa Sdn Bhd and Taka Worldwide Trading Sdn Bhd ("Plantation group") which was previously reported in the plantation 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 2012, the assets and liabilities related to the Plantation group have been presented in the statements of financial position as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale". As the Group may have the intention in the future to venture back into the plantation segment when deemed feasible, the results of the plantation segment was not disclosed as a discontinued operation.

Statements of financial position disclosures

The assets and liabilities of the disposal group classified as held for sale on the statement of financial position as at 31 December 2012 are as follows:

	Group 2012 RM
Assets of disposal group classified as held for sale	
Property, plant and equipment (Note 4)	294,229
Biological assets (Note 6)	9,182,331
Land use rights (Note 7)	25,719,608
Inventories	187,607
Trade and other receivables	391,672
Current tax assets	59,199
Cash and bank balances (Note 19)	700,639
	36,535,285
Liabilities directly associated with disposal group classified as held for sale	
Trade and other payables	(497,626)
Loans and borrowings	(82,192)
	(579,818)
Net assets directly associated with disposal group classified as held for sale	35,955,467

22. Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Trade payables				
Third parties	15,729,607	41,977,783	-	-
Other payables				
Other payables	8,230,360	13,590,087	-	5,600,000
Deposits	4,671,755	4,129,994	100,000	100,000
Accruals	16,128,405	30,343,837	3,679,429	3,809,193
	29,030,520	48,063,918	3,779,429	9,509,193
Total trade and other payables	44,760,127	90,041,701	3,779,429	9,509,193
Add: Amount due to subsidiaries (Note 14)	-	-	43,657,756	8,015,933
Add: Amount due to associates (Note 18)	427,691	-	-	-
Add: Loans and borrowings (Note 23)	121,552,787	170,033,315	110,350,000	155,916,808
Total financial liabilities carried at amortised cost	166,740,605	260,075,016	157,787,185	173,441,934

(a) Trade payables

Trade payables comprise amounts outstanding from trade purchases.

The normal credit periods granted by trade suppliers and sub-contractors are between 7 and 120 (2011: 14 and 120) days.

(b) Other payables, deposits and accruals

Other payables, deposits and accruals are from the normal business transactions of the Group. These amounts are non-interest bearing and are normally settled on an average term of 30 to 60 (2011: 30 to 60) days.

Included in other payables of the Company and of the Group in previous financial year was a provision of RM5,200,000 as damages for breach of contract and RM400,000 as legal fees and costs.

23. Loans and borrowings

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Current				
Secured:				
Obligations under finance lease (Note 24)	455,623	819,589	-	-
Bankers' acceptances and trust receipts	2,402,000	1,536,000	-	-
Bank overdrafts	128,862	3,818,236	-	3,526,808
Revolving credit	50,850,000	75,690,000	50,350,000	75,190,000
Term loans	10,558,001	5,248,840	10,000,000	4,600,000
	64,394,486	87,112,665	60,350,000	83,316,808
Unsecured:				
Bankers' acceptances and trust receipts	-	886,631	-	-
Revolving credit	1,300,000	1,300,000	-	-
	1,300,000	2,186,631	-	-
	65,694,486	89,299,296	60,350,000	83,316,808
Non-current				
Secured:				
Obligations under finance lease (Note 24)	1,310,782	2,152,650	-	-
Term loans	54,547,519	78,581,369	50,000,000	72,600,000
	55,858,301	80,734,019	50,000,000	72,600,000
Total loans and borrowings	121,552,787	170,033,315	110,350,000	155,916,808

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

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
On demand or within one year	65,694,486	89,299,296	60,350,000	83,316,808
More than 1 year and less than 2 years	27,573,217	13,331,753	26,000,000	11,200,000
More than 2 years and less than 5 years	26,503,154	32,538,320	24,000,000	29,400,000
5 years or more	1,781,930	34,863,946	-	32,000,000
	121,552,787	170,033,315	110,350,000	155,916,808

23. Loans and borrowings (cont'd)

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

	Group		Company	
	2012	2011	2012	2011
	%	%	%	%
Bankers' acceptances and trust receipts	4.91 - 5.52	4.79 - 5.28	-	-
Bank overdrafts	7.60 - 8.85	7.60 - 8.35	7.60	6.95 - 7.60
Revolving credit	4.28 - 5.27	4.08 - 5.20	4.28 - 5.20	4.28 - 5.20
Term loan	4.60 - 5.60	3.25 - 8.30	4.60 - 5.60	4.60 - 5.63

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 48.

24. Finance lease commitments

	Group	
	2012	2011
	RM	RM
Minimum lease payments		
Not later than 1 year	562,818	904,004
Later than 1 year and not later than 2 years	527,171	1,013,986
Later than 2 years and not later than 5 years	878,050	1,180,609
Later than 5 years	24,789	67,305
Total future minimum lease payments	1,992,828	3,165,904
Less: Future finance charges	(226,423)	(193,665)
Present value of minimum lease payments	1,766,405	2,972,239

24. Finance lease commitments (cont'd)

	Group 2012 RM	Group 2011 RM
Analysis of present value of finance lease liabilities		
Not later than 1 year	455,623	819,589
Later than 1 year and not later than 2 years	457,215	920,810
Later than 2 years and not later than 5 years	829,151	1,167,068
Later than 5 years	24,416	64,772
	1,766,405	2,972,239
Less: Amount due within 12 months (Note 23)	(455,623)	(819,589)
Amount due after 12 months (Note 23)	1,310,782	2,152,650

The effective interest rates of the hire purchase and finance lease liabilities are between 2.22% and 4.75% (2011: 2.22% and 4.75%) per annum. These finance lease liabilities are secured by a charge over the leased assets (Note 4).

25. 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.

26. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2012 RM	2011 RM	2012 RM	2011 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.

27. Reserves

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Non-distributable				
Share premium account	23,586,099	23,586,099	23,586,099	23,586,099
Exchange translation reserve	453,688	4,477,393	-	-
Capital reserve	704,156	704,156	-	-
Revaluation reserve	3,636,411	3,636,411	-	-
Fair value reserve	110,722,742	56,464,698	110,722,742	56,464,698
	139,103,096	88,868,757	134,308,841	80,050,797
Distributable				
Retained earnings	228,720,468	114,429,360	58,090,070	56,577,980
	367,823,564	203,298,117	192,398,911	136,628,777

(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.

(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.

28. Treasury shares

	2012 RM	2011 RM
At 1 January	234,841	234,841
Shares purchased during the year	1,695,797	-
At 31 December	1,930,638	234,841

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

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.

During the financial year, the Company repurchased totalling 969,000 ordinary shares at a total consideration of RM1,695,797 from the open market at prices ranging from RM1.68 to RM1.80 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 2012, the number of treasury shares held is 1,324,000 (2011: 355,000) ordinary shares.

29. Retained earnings

In the previous financial year ended 31 December 2011, the Company has tax exempt profits available for distribution of approximately RM9,319,000 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 2012 under the single tier system.

30. Revenue

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Sale of goods	414,971,908	411,130,955	-	-
Rendering of services	51,963,794	56,830,939	-	-
Revenue from sale of development properties	9,037,979	9,625,632	-	-
Sales of properties	6,239,568	-	-	-
Rental income from				
- investment properties	4,945,857	4,600,720	-	-
- others	94,267	63,555	-	-
Profit from project	813,961	441,446	-	-
Dividend income				
- subsidiaries	-	-	48,500,000	72,299,505
- associates	-	-	-	11,656,985
- equity instruments (quoted in Malaysia)	10,592,495	7,947,457	10,592,495	7,947,457
- equity instruments (quoted outside Malaysia)	3,877	3,671	3,877	3,671
	498,663,706	490,644,375	59,096,372	91,907,618

31. Cost of sales

	Group 2012 RM	Group 2011 RM
Cost of goods sold	316,049,270	306,967,780
Cost of services rendered	47,803,700	47,255,946
Direct operating costs relating to rental income of investment properties	2,457,433	2,478,550
Cost of properties sold (Note 9)	5,284,508	-
Cost of development properties sold (Note 16)	6,303,950	10,818,716
	377,898,861	367,520,992

32. Interest income

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Interest income from				
- subsidiaries	-	-	1,092,838	1,110,870
- licensed institutions	2,760,814	2,816,819	127,513	77,493
	2,760,814	2,816,819	1,220,351	1,188,363

33. Net gain/(loss) from investments

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Gain on disposal of				
- subsidiaries	117,482,762	5,453,576	-	-
- associate	-	9,544,933	-	26,174,067
- quoted equity instruments	-	1,086,921	-	1,086,921
Impairment loss				
- investment in subsidiaries	-	-	(16,546,671)	(29,400,000)
- investment in unquoted equity instruments	(2,833,674)	-	(1,424,029)	-
Write down of quoted equity instruments	-	(5)	-	(5)
	114,649,088	16,085,425	(17,970,700)	(2,139,017)

34. Other income

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Bad debts recovered	324,879	663	286,702	-
Fair value adjustment on investment property	-	491,250	-	-
Gain on disposal of property, plant and equipment	7,468,633	713,618	-	-
Gain on disposal of investment property	-	41,000	-	-
Gain on unrealised foreign exchange	-	2,194,351	-	-
Rental income	310,821	570,970	-	-
Reversal of impairment loss on				
- trade receivables	362,849	259,486	-	-
- other receivables	362,389	-	362,389	-
- advances to subsidiaries	-	-	50,000	1,046,000
Unwinding of discount on advances to subsidiaries	-	-	351,459	1,122,366
Other income	2,494,384	1,116,712	-	81,164
	11,323,955	5,388,050	1,050,550	2,249,530

35. Finance costs

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest expense on				
- bank borrowings	7,305,124	6,462,681	5,656,688	4,504,602
- obligation under finance leases	235,871	212,172	-	-
- others	-	34,677	-	-
	7,540,995	6,709,530	5,656,688	4,504,602

36. Profit before tax

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Employee benefits expense (Note 42)	80,473,471	75,205,568	26,500	27,000
Amortisation of biological assets (Note 6)	614,093	614,093	-	-
Amortisation of land use rights (Note 7)	500,171	500,169	-	-
Auditors' remuneration:				
- current year	408,006	421,331	39,400	39,400
- (over)/under provision in prior year	(86,248)	17,990	-	9,400
- other services	5,000	5,000	5,000	5,000
Bad debts recovered	(324,879)	(663)	-	-
Bad debts written off	4,863,844	224,419	4,666,803	36,070
Depreciation of property, plant and equipment (Note 4)	7,276,400	8,522,282	-	-
Fair value adjustment for investment property (Note 5)	671,126	(491,250)	-	-
Impairment of goodwill (Note 8)	13,285,515	-	-	-
Impairment loss on				
- trade receivables	265,713	394,431	-	-
- other receivables	2,074,522	5,938,448	21,919	1,809,889
- advances to subsidiaries	-	-	115,948	-
- advances to associates	278,300	-	-	-
Net fair value loss/(gain) on derivative assets/ liabilities	6,170	(1,009,311)	-	-
Net gain on disposal of property, plant and equipment	(7,468,633)	(659,068)	-	-
Net loss/(gain) on disposal of investment property	18,000	(41,000)	-	-
Net loss/(gain) on foreign exchange				
- realised	5,517,841	4,106,628	-	-
- unrealised	384,207	(2,194,351)	-	-
Operating leases				
- rental of equipment	46,217	49,247	-	-
- rental of land	1,479,055	3,204,799	-	-
- rental of machinery	83,111	72,693	-	-
- rental of premises	2,966,711	2,749,729	-	-
- rental of vehicles	117,659	224,582		-
Property, plant and equipment written off	29,189	3,556	-	-
Realisation of capital reserve	-	(450,000)	-	-
Write-down of inventories	737,160	391,386	-	-

37. Income tax expense

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Current income tax				
- Malaysian income tax	9,605,131	10,362,577	4,282,000	8,065,000
- Foreign tax	3,742,119	3,219,315	-	-
	13,347,250	13,581,892	4,282,000	8,065,000
(Over)/under provision in prior years:				
- Malaysian income tax	(1,329,469)	(208,932)	(464,604)	143,055
- Foreign tax	(119,765)	(63,940)	-	-
	11,898,016	13,309,020	3,817,396	8,208,055
Deferred tax (Note 13)				
- Relating to origination and reversal of temporary differences	(216,149)	(1,148,439)	-	-
- Under provision in prior years	6,998	276,071	-	-
	(209,151)	(872,368)	-	-
Income tax expense recognised in profit or loss	11,688,865	12,436,652	3,817,396	8,208,055

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

37. 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:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit before tax (excluding share of results of associates)	153,244,543	60,964,151	30,761,928	79,518,195
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	38,311,136	15,241,038	7,690,482	19,879,549
Expenses not deductible for tax purposes	9,347,673	5,326,730	6,487,096	9,820,038
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	386,444	790,004	-	-
Income not subject to tax	(31,909,200)	(5,144,775)	(9,895,578)	(21,634,587)
Utilisation of previously unrecognised deductible temporary differences	(702,983)	(1,603,744)	-	-
Tax effect of differences in tax rate	(2,301,969)	(2,175,800)	-	-
(Over)/Underprovision of tax expense in prior years	(1,449,234)	(272,872)	(464,604)	143,055
Underprovision of deferred tax in prior years	6,998	276,071	-	-
Income tax expense recognised in profit or loss	11,688,865	12,436,652	3,817,396	8,208,055

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.

38. 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.

	2012 RM	2011 RM
Number of ordinary shares at 31 December	231,559,015	231,559,015
Less: Number of treasury shares held at 31 December	(1,324,000)	(355,000)
	230,235,015	231,204,015

(b) Diluted

The Company has no potential dilutive event.

39. Dividends

	Company 2012 RM	Company 2011 RM
Recognised during the year		
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
Second Interim dividend for 2011: 5% single tier on 231,204,015 ordinary shares declared on 24 February 2012 and paid on 30 March 2012 (5 sen per ordinary share)	11,560,201	-
Interim dividend for 2012: 6% tax exempt single tier on 231,204,015 ordinary shares declared on 16 August 2012 and paid on 24 September 2012 (6 sen per ordinary share)	13,872,241	-
	25,432,442	34,680,603
Net dividend per ordinary share (sen)	11.00	15.00

On 28 February 2013, the directors declared a second interim dividend of 4% single tier and a special dividend of 5% single tier amounting to RM20,721,151 (9 sen per ordinary share) in respect of the financial year ended 31 December 2012 which was paid on 2 April 2013.

40. Analysis of disposal of subsidiaries

During the financial year, the subsidiary of the Company, Davex Holdings Berhad disposed its entire shareholding of 5,014,000 ordinary shares of RM1 each in Davex (Malaysia) Sdn Bhd, representing 93% equity interest for a total consideration of RM170,297,327.

In the previous 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.

40. 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:

(i) Effect on consolidated net profit

	Group	
	2012 RM	2011 RM
Gross revenue	163,141,774	4,511,888
Cost of sales	(99,649,946)	(3,065,810)
Gross profit	63,491,828	1,446,078
Interest income	416,931	-
Other income	1,078,878	-
Administrative expenses	(21,806,821)	(892,207)
Marketing and distribution	(11,969,144)	-
Profit from operations	31,211,672	553,871
Finance costs	(62,000)	(120,090)
Profit before tax	31,149,672	433,781
Tax expense	(6,422,156)	(164,764)
Profit after tax	24,727,516	269,017
Non-controlling interest	(1,716,424)	(107,607)
Decrease in Group's net profit	23,011,092	161,410

(ii) Effect on consolidated financial position

	Group	
	2012 RM	2011 RM
Non-current assets	21,310,040	1,317,771
Current assets	82,970,577	1,163,766
Non-current liabilities	(567,569)	(41,581)
Current liabilities	(47,703,498)	(2,090,134)
	56,009,550	349,822
Non-controlling interest	(3,887,818)	-
Decrease in Group's share of net assets	52,121,732	349,822

40. 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

	Group	
	2012 RM	2011 RM
Non-current assets	21,310,040	1,317,771
Non-current assets held for sale	-	12,347,250
Current assets	82,970,577	1,163,766
Non-current liabilities	(567,569)	(41,581)
Non-current liabilities held for sale	-	(16,867,382)
Current liabilities	(47,703,498)	(2,090,134)
Non-controlling interest	(3,887,818)	(427,131)
Net assets disposed	52,121,732	(4,597,441)
Attributable goodwill	623,056	216,065
Exchange reserve	(2,918,870)	-
Transfer from capital reserve	-	(450,000)
	49,825,918	(4,831,376)
Total disposal proceeds	167,308,680	622,200
Gain/(Loss) on disposal to the Group	117,482,762	(5,453,576)
Cash inflow/(outflow) arising on disposals:		
Cash consideration	167,308,680	622,200
Cash and cash equivalents of subsidiaries disposed	(13,893,269)	(1,749,425)
Net cash inflow/(outflow) on disposal	153,415,411	(1,127,225)

41. Analysis of liquidation of subsidiaries

(a) On 7 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.

(b) 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.

42. Employee benefits expense

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Wages and salaries	67,811,847	63,134,739	26,500	27,000
Contribution to defined contribution plan	4,366,378	4,109,559	-	-
Other benefits	8,295,246	7,961,270	-	-
	80,473,471	75,205,568	26,500	27,000

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM9,426,769 (2011: RM7,224,074) and RM90,000 (2011: RM89,000) respectively as further disclosed in Note 43.

43. Directors' remuneration

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Executive directors' remuneration:				
Fees				
- current year's provision	991,321	321,000	84,000	72,000
- (over)/under provision in prior year	(412,500)	(292,000)	-	12,000
Other emoluments	8,847,948	7,195,074	6,000	5,000
	9,426,769	7,224,074	90,000	89,000
Non-executive directors' remuneration:				
Fees				
- current year's provision	228,000	230,000	228,000	230,000
- underprovision in prior year	-	30,000	-	30,000
Other emoluments	20,500	22,000	20,500	22,000
	248,500	282,000	248,500	282,000
Total directors' remuneration	9,675,269	7,506,074	338,500	371,000

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

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Executive:				
Salaries and other emoluments	1,283,184	1,128,972	6,000	5,000
Fees				
- current year's provision	99,000	84,000	84,000	72,000
- underprovision in prior year	-	12,000	-	12,000
Bonus	227,642	410,591	-	-
Defined contribution plan	166,196	167,001	-	-
	1,776,022	1,802,564	90,000	89,000
Non-executive:				
Salaries and other emoluments	20,500	22,000	20,500	22,000
Fees				
- current year's provision	228,000	230,000	228,000	230,000
- underprovision in prior year	-	30,000	-	30,000
	248,500	282,000	248,500	282,000
	2,024,522	2,084,564	338,500	371,000

43. Directors' remuneration (cont'd)

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 2012	2011
Executive directors' remuneration:		
RM500,001 - RM600,000	1	1
RM1,200,001 - RM1,300,000	1	1
Non-executive directors' remuneration:		
RM0 - RM50,000	4	5
RM50,000 - RM100,000	1	1

44. 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	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest charged to subsidiaries	-	-	(1,092,838)	(1,110,870)
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	-	-	125,806	125,970
Insurance premium paid to a company with a common director	786,713	728,410	21,965	21,965
Rental income received from a subsidiary of a company with a common director	(59,674)	(57,187)	-	-
Rental paid to a company with a common director	-	154,977	-	-
Rental paid to a subsidiary of a company with a common director	55,440	50,820	-	-
Rental income received from an associate	(39,600)	(8,835)	-	-
Profit sharing from an associate	(813,962)	(441,446)	-	-
Workmanship charged by an associate	-	422,581	-	-

45. Commitments

(a) Capital commitments

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	23,490	515,034	-	-

45. Commitments (cont'd)

(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.

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	
	2012 RM	2011 RM
Future minimum lease payments		
Not later than one year	1,394,778	3,212,769
Later than one year and not later than five years	4,921,907	7,658,693
Later than five years	60,826,725	73,554,939
	67,143,410	84,426,401

46. Contingent liabilities

Guarantees

The Company has provided corporate guarantees of RM16,403,549 (2011: RM13,940,423) 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.

47. 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 2012		Company 2012	
	RM Carrying amount	RM Fair value	RM Carrying amount	RM Fair value
Financial assets:				
Amount due from subsidiaries (non-current)	-	-	7,051,108	6,994,560
Investment securities (non-current)				
- unquoted equity instrument, at cost	19,948,382	*	16,145,577	*
Financial liabilities:				
Loans and borrowings (non-current)				
- obligations under finance lease	1,310,782	1,183,648	-	-

	Group 2011		Company 2011	
	RM Carrying amount	RM Fair value	RM Carrying amount	RM Fair value
Financial assets:				
Amount due from subsidiaries(non-current)	-	-	13,937,692	13,848,132
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	-	-

* 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.

47. 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	17
Amount due from/to subsidiaries (current)	14
Amount due from/to associates	18
Trade and other payables	22
Loans and borrowings	
- Bankers' acceptances and trust receipts	23
- Revolving credit	23
- Term loans	23

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.

Amount due from/to subsidiaries and associates

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.

Quoted equity instruments

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

Finance lease obligations

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.

Derivatives

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

47. 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 2012, the Group and the Company held the following financial instruments carried at fair value in the statement of financial position:

	2012 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	231,298,551	231,298,551	-	-
Equity instruments quoted outside Malaysia	123,869	123,869	-	-
Company				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity instruments quoted in Malaysia	231,298,546	231,298,546	-	-
Equity instruments quoted outside Malaysia	123,869	123,869	-	-

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

C. Fair value hierarchy (cont'd)

	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	-	-
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 2012 and 31 December 2011, there were no transfers between Level 1 and Level 2 fair value measurements.

48. 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.

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

(a) Credit risk (cont'd)

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 guarantee 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 46.

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			
	2012		2011	
	RM	% of total	RM	% of total
By country				
Malaysia	25,034,102	81	22,731,677	39
Asia Pacific	5,827,448	19	35,906,223	61
	30,861,550	100	58,637,900	100
By industry sectors				
Lighting and telecommunications	5,827,448	19	42,958,851	73
Textile	14,973,313	49	4,666,246	8
Property	88,863	0	473,556	1
Plantation	-	0	159,557	0
Others	9,971,926	32	10,379,690	18
	30,861,550	100	58,637,900	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 17. 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.

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

(a) Credit risk (cont'd)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

(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 54% (2011: 53%) of the Group's loans and borrowings (Note 23) and 55% (2011: 53%) of the Company's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

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.

	2012 RM			
	On demand or within one year	One to five years	Over five years	Total
Group				
Financial liabilities				
Trade and other payables	44,760,127	-	-	44,760,127
Loans and borrowings	68,538,257	58,786,243	2,147,866	129,472,366
Total undiscounted financial liabilities	113,298,384	58,786,243	2,147,866	174,232,493
Company				
Financial liabilities				
Trade and other payables	3,779,429	-	-	3,779,429
Amounts due to subsidiaries	43,657,756	-	-	43,657,756
Loans and borrowings	63,016,493	57,582,193	-	120,598,686
Total undiscounted financial liabilities	110,453,678	57,582,193	-	168,035,871

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

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

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. (cont'd)

	2011 RM			
	On demand or within one year	One to five years	Over five years	Total
Group				
Financial liabilities				
Trade and other payables	90,041,701	-	-	90,041,701
Loans and borrowings	96,949,191	54,688,122	35,778,118	187,415,431
Total undiscounted financial liabilities	186,990,892	54,688,122	35,778,118	277,457,132
Company				
Financial liabilities				
Trade and other payables	9,509,193	-	-	9,509,193
Amounts due to subsidiaries	8,015,933	-	-	8,015,933
Loans and borrowings	90,828,706	48,248,328	32,045,370	171,122,404
Total undiscounted financial liabilities	108,353,832	48,248,328	32,045,370	188,647,530

(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 RM182,798 (2011: RM177,050) 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.

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

(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% (2011: 49%) of the Group's sales are denominated in foreign currencies whilst almost 48% (2011: 47%) 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 RM	Singapore Dollar RM	Australian Dollar RM	Sterling Pound RM	Euro Dollar RM	Vietnam Dong RM	Others RM
Functional currencies of the Group							
2012							
Cash and bank balances							
Ringgit Malaysia	8,567,403	-	-	-	-	-	283
United States Dollars	-	2,276,205	-	-	1,649,232	10,481,164	768
Trade and other receivables							
Ringgit Malaysia	14,716,944	-	-	-	-	-	-
Other investment							
Ringgit Malaysia	12,294,000	-	-	-	-	-	-
Trade and other payables							
Ringgit Malaysia	(2,104,069)	(2,564)	-	-	-	-	-
United States Dollars	-	(2,326,437)	-	-	(1,627,214)	-	-

48. 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
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 Dollars	-	1,747,194	-	-	1,704,007	17,958,663	846
Trade and other receivables							
Ringgit Malaysia	5,478,703	-	1,355,511	1,406,639	-	-	-
United States Dollars	-	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 Dollars	-	(501,322)	-	-	(1,681,542)	-	-

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% and 12% of its foreign currency denominated sales and purchases respectively, for which firm commitments existed at the reporting date, extending to April 2012.

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.

48. 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	
		2012	2011
		RM	RM
		Profit net of tax (Decrease)/Increase	
USD/RM	- strengthened 2%	669,486	249,693
	- weakened 2%	(669,486)	(249,693)
AUD/RM	- strengthened 2%	-	38,209
	- weakened 2%	-	(38,209)
SGD/RM	- strengthened 2%	(1,056)	7,425
	- weakened 2%	1,056	(7,425)
EUR/RM	- strengthened 2%	440	(2,743)
	- weakened 2%	(440)	2,743
GBP/RM	- strengthened 2%	-	30,100
	- weakened 2%	-	(30,100)
VND/RM	- strengthened 2%	209,623	359,176
	- weakened 2%	(209,623)	(359,176)

(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 RM4,502,102 (2011: 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.

49. 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 2012 and 31 December 2011.

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	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Loans and borrowings	23	121,552,787	170,033,315	110,350,000	155,916,808
Trade and other payables	22	44,760,127	90,041,701	3,779,429	9,509,193
Amount due to subsidiaries	14	-	-	43,657,756	8,015,933
Amount due to associates	18	427,691	-	-	-
Less: Cash and bank balances	19	(216,418,450)	(121,290,270)	(7,027,612)	(2,252,479)
Net (surplus)/debt		(49,677,845)	138,784,746	150,759,573	171,189,455
Equity attributable to the owners of the parent		597,451,941	434,622,291	422,027,288	367,952,951
Less: Fair value reserve	27	(110,722,742)	(56,464,698)	(110,722,742)	(56,464,698)
Total capital		486,729,199	378,157,593	311,304,546	311,488,253
Capital and net debt		437,051,354	516,942,339	462,064,119	482,677,708
Gearing ratio		N/A	27%	33%	35%

50. 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 telecommunications 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 importing 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.

50. Segment information (cont'd)

	Textile RM	Properties RM	Lighting and tele-communications RM	Plantation RM	Other operations RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
31 December 2012								
Revenue								
External customers	164,525,376	20,413,216	223,406,773	8,704,734	81,613,607	-		498,663,706
Inter-segment	-	357,402	-	-	50,107,736	(50,465,138)	A	-
Total revenue	164,525,376	20,770,618	223,406,773	8,704,734	131,721,343	(50,465,138)		498,663,706
Results								
Interest income	2,022,478	150,852	419,135	-	168,349	-		2,760,814
Dividend income	-	-	-	-	10,596,372	-		10,596,372
Depreciation and amortisation	1,755,442	286,080	3,405,721	1,361,158	1,582,263	-		8,390,664
Share of results of associates	13,511	337,448	-	-	-	-		350,959
Other non-cash expenses	(19,057)	898,438	351,379	(15,996)	(101,722,277)	-	B	(100,507,513)
Segment profit/(loss)	14,342,558	5,819,354	33,393,211	(771,830)	121,287,760	(20,475,551)	C	153,595,502
Assets								
Investment in associates	123,148	2,884,174	-	-	-	-		3,007,322
Additions to non-current assets	1,845,174	4,078,863	1,958,581	253,203	12,881,813	-	D	21,017,634
Segment assets	97,443,590	112,204,731	28,825,575	36,535,285	508,969,132	10,444,783	E	794,423,096
Segment liabilities	14,654,138	5,338,939	6,609,988	497,626	32,106,258	125,330,980	F	184,537,929

50. Segment information (cont'd)

	Textile RM	Properties RM	Lighting and tele-communications RM	Plantation RM	Other operations RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
31 December 2011								
Revenue								
External customers	184,850,923	14,128,848	203,269,461	11,470,445	76,924,698	-		490,644,375
Inter-segment	-	286,200	1,180	-	75,241,339	(75,528,719)	A	-
Total revenue	184,850,923	14,415,048	203,270,641	11,470,445	152,166,037	(75,528,719)		490,644,375
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

50. 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	2012 RM	2011 RM
Gain from investments	33	(114,649,088)	(16,085,425)
Reversal of impairment loss on:			
- trade receivables	34	(362,849)	(259,486)
- other receivables	34	(362,389)	-
Bad debts written off	36	4,863,844	224,419
Fair value adjustment on investment property	36	671,126	(491,250)
Gain on disposal of property, plant and equipment	36	(7,468,633)	(659,068)
Impairment of goodwill	36	13,285,515	-
Impairment loss on advances to			
- trade receivables	36	265,713	394,431
- other receivables	36	2,074,522	5,938,448
Loss/(Gain) on disposal of investment property	36	18,000	(41,000)
Net fair value loss/(gain) on derivative liabilities	36	6,170	(1,009,311)
Property, plant and equipment written off	36	29,189	3,556
Realisation of capital reserve	36	-	(450,000)
Unrealised foreign exchange loss/(gain)	36	384,207	(2,194,351)
Write-down of inventories	36	737,160	391,386
		(100,507,513)	(14,237,651)

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:

	2012 RM	2011 RM
Finance costs	(7,540,995)	(6,709,530)
Share of results of associates	350,959	(232,425)
Impairment of goodwill	(13,285,515)	-
	(20,475,551)	(6,941,955)

50. 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:

	2012 RM	2011 RM
Property, plant and equipment	4,545,495	14,812,951
Investment properties	520,126	3,719,300
Other investments	12,294,000	94,009,167
Biological assets	99,276	-
Land held for property development	3,231,451	-
Development cost for land held for property development	327,286	198,443
	21,017,634	112,739,861

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

	2012 RM	2011 RM
Investment in associates	3,007,322	2,657,001
Deferred tax assets	-	982,175
Intangible assets	2,231,787	16,832,236
Current tax receivable	5,205,674	4,022,781
	10,444,783	24,494,193

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

	2012 RM	2011 RM
Deferred tax liabilities	1,732,200	2,007,943
Current tax payable	1,963,801	5,143,190
Loans and borrowings	121,552,787	170,033,315
Loans and borrowings reclassified to liabilities directly associated with disposal group classified as held for sale	82,192	-
	125,330,980	177,184,448

50. Segment information (cont'd)

Notes (cont'd)

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

F The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position (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	
	2012 RM	2011 RM	2012 RM	2011 RM
Malaysia	289,034,711	319,915,025	151,538,569	235,100,210
Asia Pacific	209,628,995	170,729,350	5,508,118	6,614,726
	498,663,706	490,644,375	157,046,687	241,714,936

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

	2012 RM	2011 RM
Property, plant and equipment	72,712,540	104,548,642
Investment properties	55,855,500	56,444,500
Biological assets	-	9,697,148
Land use rights	341,477	26,561,256
Intangible assets	2,231,787	16,832,236
Land held for property development	25,905,383	27,631,154
	157,046,687	241,714,936

Information about a major customer

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

51. Events occuring after the reporting date

In February 2013, the Company disposed its 100% owned subsidiaries, Fauzi-Lim Plantation Sdn Bhd, Etika Gangsa Sdn Bhd and Taka Worldwide Trading Sdn Bhd for a total consideration of RM93,000,000.

52. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 26 April 2013.

53. 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 2012 and 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	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained profits of the Company and its subsidiaries				
- Realised profit	217,209,478	130,793,916	58,090,070	62,177,980
- Unrealised loss	(1,006,689)	(3,694,411)	-	(5,600,000)
	216,202,789	127,099,505	58,090,070	56,577,980
Total share of retained profits from associates				
- Realised loss	(17,190,098)	(17,541,057)	-	-
	199,012,691	109,558,448	58,090,070	56,577,980
Add: Consolidation adjustments	29,707,777	4,870,912	-	-
Retained profits as per financial statements	228,720,468	114,429,360	58,090,070	56,577,980

Top 10 List of Properties Held by MWE Group

Particulars of Titles	Tenure	Land Area	Description/ Existing Use	Net Book Value as at 31.12.2012 (RM)	Approximate Age of Building	Year of Acquisition
H.S.(D) 138972 to 139228 P.T. 3065 to 3320 Mukim of Bukit Raja Daerah Petaling Selangor Darul Ehsan	Leasehold (99 years – expiring on 04.12.2090)	209 acres	Golf course & Clubhouse and residential development	45,193,413	18 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	16 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	22,046,125	-	2008
Lot 1233 Grant (1st Grade) 11818 Section 1, Georgetown Daerah Timur Laut, Penang	Freehold	150,910 sq. ft.	8 storey office building	12,206,000	19 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)	37,347 sq. m.	Factory building	8,000,000	24 years	1988
HS(D) 31991, Lot No. 765 Mukim Kuala Lumpur Wilayah Persekutuan	Freehold	1,962 sq. m.	Land for development	7,447,220	-	2010
Lot No. 4792, 4793 & 4794 Mukim of Ampang Daerah Ulu Langat, Selangor and Lot No. 1630, 1631 & 1632 Mukim of Ulu Klang Daerah Gombak, Selangor	Freehold	61,812 sq. ft.	Land for development	7,414,667	-	2010
Geran 25978 & 26200 Lot 4019 & 4478 Mukim Setapak Daerah Kuala Lumpur Wilayah Persekutuan	Freehold	3,422 sq. m.	Land for development	6,136,061	-	2006
Hakmilik No. 440, Lot 186 Mukim of Bandar Selayang Daerah Gombak Selangor Darul Ehsan	Leasehold (99 years – expiring on 05.09.2074)	8,625 sq. m.	Office and factory building	4,275,344	23 years	1990
Lot 529, Seksyen 19 Bandar Kuala Lumpur Wilayah Persekutuan	Leasehold (99 years – expiring 01.01.2079)	7,047 sq. ft.	5 units of condominiums for sale and rental	2,808,000	24 years	1991

Analysis of Shareholdings As At 26 APRIL 2013

Class of security	:	Ordinary Shares of RM1.00 each
Authorised Share Capital	:	RM500,000,000
Total Issued and Paid-up Capital	:	RM231,559,015
Voting right	:	1 vote per share
Number of shareholders	:	6,777

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 – 99	70	1.03	1,863	0.00
100 – 1,000	1,944	28.68	1,837,430	0.80
1,001 – 10,000	3,952	58.32	15,637,466	6.75
10,001 – 100,000	715	10.56	18,650,840	8.05
100,001 – 11,577,951	93	1.37	100,042,394	43.20
11,577,952 and above	3	0.04	95,389,022	41.20
Total	6,777	100.00	231,559,015	100.00

Directors' Shareholding

Name	No. of shares held*			
	Direct	%*	Indirect	%*
Tan Sri Dato' Surin Upatkoon	786,630	0.34	75,100,939 (a)	32.62
Tang King Hua	12,030,800	5.22	2,181,700 (b)	0.95
Lim Kong Yow	48,000	0.02	4,000 (c)	^
Dato' Lawrence Lim Swee Lin	448,000	0.19	287,000 (d)	0.12
Tan Chor Teck	420,000	0.18	9,884,280 (e)	4.29
Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat	-	-	-	-
Dato' Yogesvaran a/l T. Arianayagam	-	-	-	-

* *Excluding a total of 1,324,000 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	49,852,722	21.53
2.	A.A. ANTHONY NOMINEES (ASING) SDN BHD *Qualifier: Pledged Securities Account for Greenland Timber Industries Pte Ltd*	24,487,600	10.58
3.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD *Qualifier: Pledged Securities Account for Pinjaya Sdn Bhd*	21,048,700	9.09
4	INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD *Qualifier : Driscoll Shipping Ltd*	11,500,000	4.97
5.	A.A. ANTHONY NOMINEES (ASING) SDN BHD *Qualifier : Pledged Securities Account for Citibase Limited*	11,405,100	4.93
6.	MULTI-PURPOSE INSURANS BHD	11,021,400	4.76
7.	MAYBAN NOMINEES (TEMPATAN) SDN BHD *Qualifier: Pledged Securities Account for Tang King Hua*	9,164,500	3.96
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *Qualifier: CIMB for Simansu Sdn Bhd*	8,058,000	3.48
9.	A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD *Qualifier: Pledged Securities Account for MCC Credit Sdn Bhd*	5,512,900	2.38
10.	MULTI-PURPOSE HOLDINGS BERHAD	3,000,000	1.30
11.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *Qualifier: CIMB Bank for Tang King Hua*	2,866,300	1.24
12.	A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD *Qualifier: Pledged Securities Account for Heng Guan Sdn Bhd*	2,230,500	0.96
13.	NG KWENG THEAM	2,126,600	0.92
14.	IDEA KOSMO SDN BHD	2,067,500	0.89
15.	KAM LOONG MINING SDN BHD	1,800,000	0.78
16.	CHONG YIEW ON	1,573,000	0.68
17.	TAN TOH HUA	1,400,000	0.60
18.	MWE HOLDINGS BERHAD *Qualifier: Share Buy-Back Account*	1,324,000	0.57
19.	MIKDAVID SDN BHD	1,247,000	0.54

Analysis of Shareholdings As At 26 APRIL 2013 (Cont'd)

No.	Name of shareholders	No. of shares held	% of shares
20.	YEAP LEONG PENG	1,050,000	0.45
21.	A.A. ANTHONY NOMINEES (ASING) SDN BHD *Qualifier : Pledged Securities Account for Claire Foong Ling Chin*	1,000,000	0.43
22.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *Qualifier : Pledged Securities Account for Lim Hock Fatt*	870,000	0.38
23.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *Qualifier : Pledged Securities Account for ABM Holdings Sdn Bhd*	800,000	0.35
24.	CIMSEC NOMINEES (ASING) SDN BHD *Qualifier: Danaharta Managers Sdn Bhd for Surin Upatkoon*	788,392	0.34
25.	GOLDEN BAY HOLDING SDN BHD	743,000	0.32
26.	PACIFIC & ORIENT INSURANCE CO BERHAD	652,200	0.28
27.	MENG LEE MOTORS SDN BERHAD	615,000	0.27
28.	CHAN KIM SENDIRIAN BERHAD	600,000	0.26
29.	SUWINI BINGEI	552,017	0.24
30.	KHOO SU CHIN	516,700	0.22
	Total	179,873,131	77.70

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest No. of Shares	%*	Indirect Interest No. of Shares	%*
Pinjaya Sdn Bhd	70,901,422	30.80	-	-
Greenland Timber Industries Pte Ltd	24,487,600	10.64	-	-
Tan Sri Dato' Surin Upatkoon	786,630	0.34	75,100,939(a)	32.62
Tang King Hua	12,030,800	5.22	2,181,700(b)	0.95

Notes:

* *Excluding a total of 1,324,000 MWE shares bought back by MWE and retained as treasury shares.*

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

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Company will be held at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Penang on Thursday, 20 June 2013 at 10.30 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2012 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) Tan Sri Dato' Surin Upatkoon **(Resolution 1)**
   (ii) Mr. Tang King Hua **(Resolution 2)**

3. To approve the payment of Directors' fees of RM312,000.00 in respect of the year ended 31 December 2012 (2011 : 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 Resolution:-

   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)**

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 Malaysia 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 10 June 2013. Only a depositor whose name appears on the Record of Depositors as at 10 June 2013 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
29 May 2013
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 4 June 2012 and which will lapse at the conclusion of the Annual General Meeting held on 20 June 2013.

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.

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) Tan Sri Dato' Surin Upatkoon
   (ii) Mr. Tang King Hua

   Details of Directors who are standing for re-election are set out in the Directors' Profile appearing on pages 6 to 8 of the Annual Report.

2. **Details of attendance of Directors at Board Meetings**

   There were Six (6) Board meetings held during the financial year ended 31 December 2012. Details of attendance of the Directors are set out in the Statement on Corporate Governance appearing on page 19 of the Annual Report.

3. **Place, Date and Time of Annual General Meeting**

   The Annual General Meeting of the Company shall be held at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Pulau Pinang on Thursday, 20 June 2013 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 Thursday, 20 June 2013 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 Thursday, 20 June 2013 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:

NO.	RESOLUTION	First Proxy "A"		Second Proxy "B"	
		FOR	AGAINST	FOR	AGAINST
1.	To re-elect Tan Sri Dato' Surin Upatkoon as Director of the Company				
2.	To re-elect Mr. Tang King Hua 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 2013 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				

* 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 .... 2013.

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

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

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