

ANNUAL REPORT

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**ORIENTAL
HOLDINGS
BERHAD**

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Forty Fifth Annual General Meeting of stockholders of the Company will be held at Sri Mas 1 & 2 and Sri Perak, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang on Thursday, 28 June 2007 at 12.00 noon for the following purposes:

- | | |
|--|----------------------|
| 1. To receive and adopt the audited Financial Statements for the year ended 31 December 2006 together with the Directors' Report and Auditors' Report thereon. | Resolution 1 |
| 2. To declare a Final Dividend of 10% less tax and a Special Dividend of 3% less tax (27%) for the year ended 31 December 2006. | Resolution 2 |
| 3. (i) To re-elect the following Directors who retire in accordance with Section 129 of the Companies Act, 1965 : | |
| a) Dato' Loh Say Bee | Resolution 3 |
| b) YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail | Resolution 4 |
| c) Puan Sharifah Intan Binti S M Aidid | Resolution 5 |
| d) Dato' Dr Tunku Ismail Bin Tunku Mohammad Jawa | Resolution 6 |
| (ii) To re-elect the following Director who retire in accordance with Article 133 of the Company's Articles of Association : | |
| a) Dato' Lim Su Tong @ Lim Chee Tong | Resolution 7 |
| (iii) To re-elect the following Director who retire in accordance with Article 138 of the Company's Articles of Association : | |
| a) Mr Atsushi Fujimoto | Resolution 8 |
| 4. To approve the Directors' Fees of RM60,000 each for the year ended 31 December 2006. | Resolution 9 |
| 5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 10 |



6. As Special Business, to consider and if thought fit, to pass with or without any modification, the following Ordinary Resolutions :

A) Proposed Stockholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

“THAT pursuant to Chapter 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad, a general mandate of the Stockholders be and is hereby granted to the Company and/or its subsidiaries to enter into the recurrent arrangements or transactions of a revenue or trading nature, as set out in the Company's Circular to Stockholders dated 6 June 2007 (“the Circular”) with any person who is a related party as described in the Circular as follows, provided that such transactions are undertaken in the ordinary course of business, on an arm's length basis, and on normal commercial terms, or on terms not more favourable to the Related Party than those generally available to the public and are not, in the Company's opinion, detrimental to the minority stockholders; and that disclosure will be made in the annual report of the aggregate value of transactions conducted during the financial year; and that such approval, unless revoked or varied by the Company in general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company :-

- | | |
|---|----------------------|
| a) Recurrent Related Party Transactions of a revenue or trading nature involving Boon Siew Sdn Bhd Group; | Resolution 11 |
| b) Recurrent Related Party Transactions of a revenue or trading nature involving Dato' Syed Mohamad Bin Syed Murtaza and family; | Resolution 12 |
| c) Recurrent Related Party Transactions of a revenue or trading nature involving Honda Motor Co. Ltd.; | Resolution 13 |
| d) Recurrent Related Party Transactions of a revenue or trading nature involving i-Logistics Corporation and Itochu Corporation.” | Resolution 14 |
| e) Recurrent Related Party Transactions of a revenue or trading nature involving Mr Tan Liang Chye; | Resolution 15 |
| f) Recurrent Related Party Transactions of a revenue or trading nature involving Hyumal Motor Sdn. Bhd..” | Resolution 16 |



B) Proposed Renewal of Stock Buy-Back

Resolution 17

“THAT, subject to compliance with Section 67A of the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities, approval be and is hereby given to the Company to utilise up to RM270.5 million which represents the audited retained profits reserve of the Company as at 31 December 2006, otherwise available for dividend for the time being, to purchase on the Bursa Malaysia Securities Berhad ("Bursa Securities") its own stocks up to 51,700,000 ordinary stocks of RM1.00 each representing 10% of the issued and paid up share capital of the Company of 517,000,000 ordinary stocks of RM1.00 each as at 7 May 2007 (including 31,808 Stocks retained as Treasury Stocks) AND THAT upon completion of the purchase(s) of the Stocks by the Company, the Stocks shall be dealt with in the following manner :-

- i) to cancel the Stocks so purchased; or
- ii) to retain the Stocks so purchased as treasury stocks for distribution as dividends to the stockholders and/or resell on the market of the Bursa Securities; or
- iii) to retain part of the Stocks so purchased as treasury stocks and cancel the remainder.

whereby an announcement regarding the intention of the Directors of the Company in relation to the proposed treatment of the shares purchased and rationale thereof will be made to the Bursa Securities AND THAT such authority from the stockholders would be effective immediately upon passing of this Ordinary Resolution up till the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by Ordinary Resolution in a general meeting of stockholders of the Company) but not so as to prejudice the completion of a purchase by the Company or any person before the aforesaid expiry date, in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities or any other relevant authorities; AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement or to effect the purchase of OHB Stocks.”

7. To transact any other businesses of which due notice shall have been given in accordance with the Company's Articles of Association.

By Order of the Board

C. T. DIONG
LAM VOON KEAN
(Secretaries)

Penang, 6 June 2007.



Notes :

1. A stockholder entitled to attend and vote at this Meeting may appoint a Proxy, who need not be a stockholder, to attend and to vote in his stead.
2. If the appointer is a corporation, the Proxy Form must be executed under the Common Seal of the Company or under the hand of its attorney duly authorised in writing.
3. To be valid, the Proxy Form must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than 48 hours before the time stipulated for holding the meeting or adjournment thereof.
4. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.

Explanatory Notes on Special Business :

The proposed resolutions 11 to 16, if passed will renew the stockholders' mandate on Recurrent Related Party Transactions and allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Chapter 10 of the Listing Requirements of the Bursa Malaysia Securities Berhad. This approval shall continue to be in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by the law to be held or revoked/varied by resolution passed by the stockholders in general meeting whichever is the earlier.

The proposed resolution 17, if passed will allow the Company to purchase its own stocks. The total number of stocks purchased shall not exceed 51,700,000 stocks representing 10% of the issued and paid up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next Annual General Meeting of the Company.

DIVIDEND ANNOUNCEMENT

NOTICE IS ALSO HEREBY GIVEN that a depositor shall qualify for entitlement to the dividend only in respect of :-

- a. Stocks transferred into the Depositor's Securities Account before 4:00 p.m. on 6 July 2007 in respect of ordinary transfers; and
- b. Stocks bought on the Bursa Malaysia Securities Berhad on a cum dividend entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

The Final Dividend, if approved, will be paid on 25 July 2007 to depositors registered in the Records of Depositors at the close of business on 6 July 2007.

Stockholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment) (No.2) Act, 1998 which came into force on 1 November 1998, all shares not deposited with Malaysian Central Depository Sdn. Berhad by 12.30 p.m. on 1 December 1998 and not exempted from Mandatory Deposit, have been transferred to the MOF. Accordingly, the dividends for such undeposited shares will be paid to the MOF.



Corporate Information

BOARD OF DIRECTORS

Chairman

Dato' Loh Cheng Yean
D.S.P.N.

Managing Director

Dato' Wong Lum Kong
D.S.S.A., J.P.

Dato' Loh Say Bee
D.M.P.N., A.M.N., P.K.T., P.J.K.

Dato' Lim Su Tong @ Lim Chee Tong
D.S.P.N.

YM Tengku Tan Sri Dato' Seri Ahmad
Rithauddeen Bin Tengku Ismail
P.M.N., S.P.M.P., S.S.A.P., P.M.K.

Dato' Dr. Tan Chong Siang
D.S.P.N., D.J.N., P.K.T.

Dato' Dr. Tunku Ismail Bin Tunku
Mohammad Jawa
D.S.D.K., K.M.N., P.K.T., P.K., P.P.A., Ph.D

Sharifah Intan Binti S. M. Aidid

Atsushi Fujimoto

SECRETARIES

C. T. Diong, F.C.A. (Aust), Chartered Accountant
Lam Voon Kean, C.A.(M), CPA (M), Chartered
Accountant

AUDIT COMMITTEE

Chairman

YM Tengku Tan Sri Dato' Seri Ahmad
Rithauddeen Bin Tengku Ismail

Members

Dato' Wong Lum Kong
Dato' Loh Say Bee
Sharifah Intan Binti S. M. Aidid
Dato' Dr Tunku Ismail Bin Tunku
Mohammad Jawa

REGISTERED OFFICE

Suite 2-1, 2nd Floor
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang
Tel No : 04-2294390
Fax No : 04-2265860

REGISTRAR

AGRITEUM Share Registration
Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang
Tel No : 04-2282321
Fax No : 04-2272391

AUDITORS

KPMG, Penang
Chartered Accountants

BANKERS

Citibank Berhad
OCBC Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad
Eon Bank Berhad
Public Bank Berhad

LISTING

Bursa Malaysia Securities Berhad
Main Board
Stock Code : 4006



PROFILE OF DIRECTORS

Dato' Loh Cheng Yean

Dato' Loh, aged 63, a Malaysian, is a Non-Independent Executive Director and appointed to the Board in 1987.

She began her career as Managing Director in Kah Motor Co. Sdn. Bhd., Singapore in 1974. In 1995, she was appointed Executive Chairman of Oriental Holdings Berhad.

She is also the Chairman of Boon Siew Sdn. Bhd., and the Singapore Safety Driving Centre Ltd as well as a Director of Bukit Batok Driving Centre Ltd, Tasek Corporation Berhad and Honda Malaysia Sdn Bhd.

She attended 4 out of 5 Board Meetings held in 2006.

She is a sister-in-law of Dato' Wong Lum Kong, Dato' Dr Tan Chong Siang and Dato' Lim Su Tong.

Dato' Wong Lum Kong, JP

Dato' Robert Wong, DSSA, JP aged 66, a Malaysian, is a Non-Independent Executive Director and was appointed to the Board on April 12, 1976. He is currently the Group Managing Director.

An Australian trained Accountant with Cost Accounting background, Dato' Robert Wong, DSSA, JP is a member of The Malaysian Institute of Accountants, The Malaysian Institute of Certified Public Accountants, The Australian Society of Accountants, The Malaysian Institute of Directors and a Fellow of The Institute of The Motor Industry.

His professional career started in 1964 when he assumed the post of General Manager and Director of a manufacturing and trading concern dealing in non-consumable products. From 1967 to 1971, he was attached to a local accounting firm as Senior Accountant, and during this period, he was seconded to a stock broking firm for 1½ years to reorganise and manage the business.

Dato' Wong joined Oriental Holdings Berhad Group in 1972 as General Manager and Advisor, with emphasis on the motor business. Since 1987, he has been the Group Managing Director, and because of his extensive years of experience in the motor trade spanning over four decades, he is to this day still overseeing the Group's overall business particularly four wheelers as well as the manufacturing of automotive (4-wheelers and 2-wheelers), electronics and plastic parts both locally and abroad. In addition to the motor trade, he is also actively involved in other businesses, including serving as director in the Group's subsidiary companies involved in hotel, plantation, construction machinery, leasing and finance. In 2001, he was appointed Managing Director of Oriental-Hyundai Sdn. Bhd. and Kah Bintang Auto Sdn. Bhd., subsidiaries of Oriental Holdings Berhad formed to distribute and market Hyundai CKD vehicles in Malaysia.

Besides being an active sports enthusiast, Dato' Robert Wong, DSSA, JP is also very much devoted to public services and has held some notable memberships, namely :-

- Council member of Dato' Paduka Mahkota Selangor;
- Treasurer of the Council of Justice of Peace of Selangor;
- Honorary Rotarian of the Rotary Club of Kuala Lumpur West;
- Fellow of The Paul Harris Award;
- Associate Member of Commonwealth Magistrates & Judges Association;
- Trustee of The Spastic Children's Association of Selangor and Federal Territory.



In addition to board membership, Dato' Wong is also a member of the Audit Committee.

He attended all the 5 Board Meetings held in 2006.

Dato' Robert Wong, DSSA, JP is the eldest brother-in-law of Dato' Loh Cheng Yean, Dato' Dr Tan Chong Siang and Dato' Lim Su Tong

Dato' Lim Su Tong @ Lim Chee Tong

Dato' Lim, aged 62, a Malaysian, is a Non-Independent Executive Director and has been a board member since July 1, 1974.

Dato' Lim, a Bachelor of Arts (Hons) Economics graduate has over 30 years of experience in business operations. He is in charge of finance (locally and offshore), property development and plantation divisions of the Group.

He is currently a director of several subsidiaries of Oriental Holdings Berhad involved in hotels and resorts, automotive industries (4-wheelers and 2-wheelers), electronics and plastic parts industries both locally and abroad.

He is also a director of Boon Siew Credit Berhad and Penang Yellow Bus Co. Berhad.

He attended all the 5 Board Meetings held in 2006.

He is a brother-in-law of Dato' Loh Cheng Yean, Dato' Wong Lum Kong, JP and Dato' Dr Tan Chong Siang.

Tengku Tan Sri Dato Seri Ahmad Rithauddeen Bin Tengku Ismail

YM Tengku, aged 75, a Malaysian, is an Independent Non-Executive Director and was appointed to the Board on February 9, 2000.

YM Tengku, a former Cabinet Minister, served with the government for 20 years in various ministries as Minister of Foreign Affairs, Minister of International Trade and Industry, Minister at the Prime Minister's Office and Minister of Defence before retiring in 1990.

Tengku holds a Bachelor of Law degree from the University of Nottingham, United Kingdom and is a Barrister-at-Law from Lincoln's Inn.

He is also currently the Pro-Chancellor of Universiti Kebangsaan Malaysia, Chairman of Road Builder (M) Holdings Berhad, University of Nottingham Malaysia Sdn Bhd and Yayasan Amal of Inti College.

In January 2002, YM Tengku was conferred Doctor of Laws (Honoris Causa) by the University of Nottingham.

He is the Chairman of the Audit Committee.

He attended all the 5 Board Meetings held in 2006.

YM Tengku does not have any family relationship with any other Director and/or major shareholder of the Company.



Dato' Loh Say Bee

Dato' Loh, aged 82, a Malaysian, is an Independent Non-Executive Director and has been a board member since September 11, 1964.

He completed his primary education in China before he came to Malaysia. He has over 52 years of experience in property development. He is the advisor to various development companies namely, Perumahan Concord Sdn Bhd, Seberang Perai Resort Berhad, Union Enterprise Sdn Bhd. He was also a Board Member of Southern Bank Berhad in the 1960's.

He is the Chairman of Loh Say Bee Sdn Bhd, the Managing Director of Sri Pinang Development Sdn Bhd and a director of The Corner Properties Berhad.

He is a member of the Audit Committee.

He attended all the 5 Board meetings held in 2006.

Dato' Loh does not have any family relationship with any other Director and/or major shareholder of the Company.

Dato' Dr. Tunku Ismail Bin Tunku Mohammad Jawa

Tunku, aged 69, a Malaysian, is an Independent Non-Executive Director and has been a board member since July 2, 2001

Tunku, an educationist and a former Professor, holds a Post Doctoral qualification from Harvard. He ventured into the business world after he retires from Universiti Sains Malaysia.

He is the Chairman of P.I.E. Industrial Berhad since 1997. He is also a director of Luster Industries Bhd and CAB Cakaran Corporation Berhad.

He is a member of the Audit Committee.

He attended all the 5 Board Meetings held in 2006.

Tunku does not have any family relationship with any other Director and/or major shareholder of the Company.

Dato' Dr Tan Chong Siang

Dato' Dr Tan, aged 66, a Malaysian, is a Non-Independent Non-Executive Director and has been a board member since April 7, 1995.

Dato' Dr Tan is a medical specialist by profession and a Chief Executive Officer of two private hospitals.

He attended all the 5 Board Meetings held in 2006.

He is a brother-in-law of Dato' Loh Cheng Yean, Dato' Wong Lum Kong and Dato' Lim Su Tong.



Sharifah Intan Binti S M Aidid

Puan Sharifah, aged 72, a Malaysian, is a Non-Independent Non-Executive Director. She was appointed a Director on 25 July 2002.

After 20 years in the teaching profession, she took up law in 1980, and was called to the Bar in 1985. She is currently a consultant of Messrs. Lim Huck Aik & Co, Advocates & Solicitors.

She is not a board member of any other public listed company.

She is a member of the Audit Committee.

She attended all the 5 Board Meetings held in 2006.

Puan Sharifah does not have any family relationship with any other Director and/or major shareholder of the Company.

Atsushi Fujimoto

Mr Atsushi Fujimoto, aged 45, a Japanese, is a Non-Independent Non-Executive Director and has been a board member since 30 April 2007. Mr Atsushi Fujimoto graduated from Keio University, Japan with a Degree in Bachelor of Arts in Economics.

He, previously a Manager in the Product Planning and Marketing Office for Automobile Operations in Honda Motor Co., Ltd. Tokyo. The charismatic and accomplished Fujimoto joined Honda in April 1986. He began his career at Honda in the Domestic Sales Department in Osaka, Japan. Several years later, he moved on to various key departments including the Automobile Planning Office, Product Planning Office in Automobile Operations and Sales Planning Office in Automobile Planning Office. In April 1996, Fujimoto was transferred to Regional Operations in Automobile taking care of the Middle East, Near East, Europe and Africa Sales Division. In August 1999, he had his first overseas posting in Kocaeli, Turkey for three years as the Head of Sales and Marketing where he successfully enhanced the Honda brand in Turkey before he was transferred back to Tokyo. Fujimoto played an important key role in overseeing marketing strategy for Honda Worldwide as the Manager in the Product Planning and Marketing Office for Automobile Operations in Honda Motor Co., Ltd. Tokyo.

He is not a board member of any other public listed company.

Mr Atsushi Fujimoto is the representative of Honda Motor Co. Ltd. He does not have any family relationship with any other Director and/or major shareholder of the Company.

Notes:

(a) *Conflict of Interest*

None of the Directors has any conflict of interest with the Group.

(b) *Convictions of Offences*

None of the Directors has been convicted of any offences within the past 10 years.



NAME OF SUBSIDIARIES AND ASSOCIATED COMPANIES

AAP	Armstrong Auto Parts Sdn. Berhad
ACP	Armstrong Cycle Parts (Sdn). Berhad
ACPV	Armstrong Component Parts (Vietnam) Co., Ltd
AI	Armstrong Industries Sdn. Bhd.
AR	Armstrong Realty Sdn. Bhd.
ATS	Armstrong Trading & Supplies Sdn. Bhd.
ATTS	AT-TS Marketing Sdn. Bhd.
BBDS	Bukit Batok Driving Centre Ltd.
Bint	Bayview International Sdn. Bhd.
BSB	Boon Siew (Borneo) Sendirian Berhad
BSKah	B. S. Kah Pte. Ltd.
CC	Compounding & Colouring Sdn. Bhd.
ChDev	Chainferry Development Sdn. Berhad
DF	Dragon Frontier Sdn. Bhd.
Gbay	Geographe Bay Motel Unit Trust
HAP	Honda Autoparts Manufacturing (M) Sdn. Bhd.
HCM	Hitachi Construction Machinery (Malaysia) Sdn. Bhd.
HM	Happy Motoring Company Sdn. Bhd.
HS	Hymold (Su Zhou) Co., Ltd
HTSM	Hicom Teck See Manufacturing Malaysia Sdn. Bhd.
Juta	Jutajati Sdn. Bhd.
Kah Assemblers	Kah Assemblers Sdn. Bhd.
Kah Classic	Kah Classic Auto Sdn. Bhd.
Kah M	Kah Motor Company Sdn. Berhad
KAust	Kah Australia Pty. Ltd.
KBA	Kah Bintang Auto Sdn. Bhd.
Ken	Kenanga Mekar Sdn. Bhd.
KNZ	Kah New Zealand Limited
KWE	Kwong Wah Enterprise Sdn. Bhd.
KU	Konkrit Utara Sdn. Bhd.
LEM	Lipro Electrical Manufacturing Sdn. Bhd.
LMold	Lipro Mold Engineering Sdn. Bhd.
LSB	Lipro Sdn. Bhd.
LT	Lipro Trading Sdn. Bhd.
NME	North Malaya Engineers Trading Company Sdn. Berhad
NMEO	North Malaya Engineers Overseas Sdn. Bhd.
NMX	North Malaya (Xiamen) Steel Co. Ltd.
OA	Oriental Assemblers Sdn. Bhd.
OAM	Oriental Asia (Mauritius) Pte. Ltd.
OBSM	Oriental Boon Siew (Mauritius) Pte. Ltd.
OBSS	Oriental Boon Siew (Singapore) Pte. Ltd.
OC	Syarikat Oriental Credit Berhad
OHY	Oriental-Hyundai Sdn Bhd
OIM	Oriental International (Mauritius) Pte Ltd
OIW	Oriental Industries (Wuxi) Co. Ltd
OKI	P. T. Oriental Kyowa Industries
OKPI	Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co. Ltd
OL	Onward Leasing & Credit Sdn. Bhd.
Olog	Oriental-Logistics Sdn Bhd
ONDE	Oriental Nichinan Design Engineering Sdn. Bhd.
OR	Oriental Realty Sdn. Berhad
ORPO	Oriental Rubber & Palm Oil Sdn. Berhad
OSI	Oriental San Industries Sdn. Bhd.
OTIC	Oriental Thai Industries Co. Ltd.
PgA	Penang Amusements Co. Sdn. Bhd.
PTGBina	PT Gunungsawit Binalestari
PTGML	PT Gunung Maras Lestari
PT OMI	P.T. Oriental Manufacturing Indonesia
PWR	Penang Wellesley Realty Sdn. Berhad
SP	Selasih Permata Sdn. Bhd.
SPP	Southern Perak Plantations Sdn. Berhad
SSDC	Singapore Safety Driving Centre Ltd.
SU	Simen Utara Sdn. Bhd.
TSP	Teck See Plastic Sdn. Bhd.
UG	Ultra Green Sdn. Bhd.
UMix	Unique Mix (Penang) Sdn. Bhd.
UP	Unique Pave Sdn. Bhd.



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Oriental Holdings Berhad, I am pleased to present the annual report for the year ended 31 December 2006.

The Group continued to achieve another year of good results in 2006 despite the volatile operating environment. Our ability to sustain profitability year after year is in no small part due to efforts of the dedicated team that continues to build upon the Group's established culture of good management and responsiveness to changing customer demands to ensure the Group stays profitable.

The year 2006 has been the most successful and financially rewarding one for the Group as it achieved a new record profit after tax of RM334.1 million, a 23.5% increase over the previous year's profit after tax of RM270.6 million.

Correspondingly, profit attributable to shareholders grew by 30.3% to RM305.2 million, translating to earnings per share of 59.04 sen as compared with 45.30 sen the year before. With the stronger profit performance, net assets per share rose to RM5.94 from RM5.46.

The Group will continue its structured approach to pursuing growth, maintaining the Group's competitiveness and ensuring the long term growth and prospects by expanding into similar and/or complementary businesses whenever opportunities arise.

YEAR UNDER REVIEW

There is no change in the automobile dealership/distributorship of the Group which currently sells Honda automobiles via its wholly owned subsidiary, Kah Motor Company Sdn Bhd as dealers in Malaysia and as distributors in both Singapore and Brunei. Oriental-Hyundai Sdn Bhd and Kah Bintang Auto Sdn Bhd distribute and sell certain models of the Hyundai automobiles in Malaysia, namely the Accent, Elantra and Sonata. The contribution from the Group's distributorship in Singapore was a record this year as it was significantly higher than in previous years. However, the contributions from the Group's automotive and related subsidiaries in Malaysia were as expected, marginally lower than last year both in terms of revenue and operating profits.

CPO prices showed a significant increase during the last three months of 2006. Net CPO prices from our Indonesian mills averaged RM1,294.00 per tonne compared to RM1,245.00 for the previous year. Due to a severe drought, FFB production from our Indonesian plantations declined slightly by 2.89% to 504,681 tonnes compared to 519,707 tonnes in 2005. However, favourable weather conditions in West Malaysia caused a slight increase in FFB production from 96,321 tonnes in 2005 to 104,691 tonnes for the current year. The average yield per hectare declined slightly to 21.42 tonnes compared to 22.41 tonnes in 2005. Despite this minor hitch, contributions from the plantation sector were better than the previous financial year. The performance of the plantation subsidiaries is expected to improve further as more matured palms of the overseas plantation subsidiaries become available for harvesting and matured palms reach their prime production age provided that the CPO prices stay at the current levels. However, volatile foreign exchange and weather conditions will always be factors affecting profitability.

The total revenue for the tourism and hospitality sector was lower mainly due to the spill-over effect of the major renovations undertaken by some of the hotels to upgrade the rooms and facilities in 2005. Despite the lower revenue, profit in this sector improved as compared to 2005.

During the year, the Group acquired 70 acres of reclaimed land. Another 76 acres were added to the land bank through reclamation project in Melaka. We also acquired a 90% equity interest in a new company that owns approximately 14,000 hectares of plantation land on Bangka Island, Indonesia. The development cost for this oil palm plantation over the next 4 to 5 years will be in the region of RM300 million.



DIVIDEND

Based on the share capital of RM516,968,192 (*after deducting 31,808 Treasury Stocks*), an interim dividend payment of 10.0% less 27% tax, totalling RM37,738,678 was paid on 24 January 2007.

Your Board is now recommending a final dividend of 10.0% less 27% tax and a special dividend of 3.0% less 27% tax, totalling RM49,060,282. In total, the net-of-tax distribution for the year will amount to RM86,798,960, up from RM75,373,963 paid in 2005.

OUTLOOK

The macro-economic outlook of Malaysia for 2007 is expected to remain favourable. The growth momentum is expected to be driven primarily by domestic demand from both the private and public sectors.

Across the region where the Group operates, growth trends are also evident. The Group will continue to leverage on its human capital strengths and competitiveness, efficiency and productivity and leverage on these to build on our regional success and growth. The Group's strategy remains focused on strengthening its core businesses through domestic and regional expansion in order to maintain its competitive edge. The Group will continue to exercise its prudent management while looking for expansion opportunities into high yielding projects that will enhance current operations and to provide long term stockholders' value growth. The Group has plans to consolidate operations of some of its subsidiaries to reduce costs.

The plantation sector outlook is favourable, as positive market sentiments arising from the anticipated demand on the use of palm oil as an alternative source of energy coupled with higher soybean oil prices will benefit this sector.

The outlook on the overseas hotels is also positive as the hotels are ideally located.

RETURN TO STOCKHOLDERS

A holding of Oriental 1,000 stocks in Oriental when it was listed in 1964 would translate into 40,255 Oriental stocks worth RM179,500, based on the share price of RM4.46 at the end of 2006. In addition the stocks would have earned a total gross dividend of RM128,400. The gross dividends received and the appreciation in value is equivalent to a remarkable average rate of return of 12.68% for each of the 43 years.

ACKNOWLEDGEMENT

On behalf of the Board, I thank the Management and staff of all the companies in the Group, our dealers and customers for their loyal support, and our stockholders for their confidence, all of whom have contributed to the Group achieving another good year.

DATO' LOH CHENG YEAN

Chairman

30 April 2007

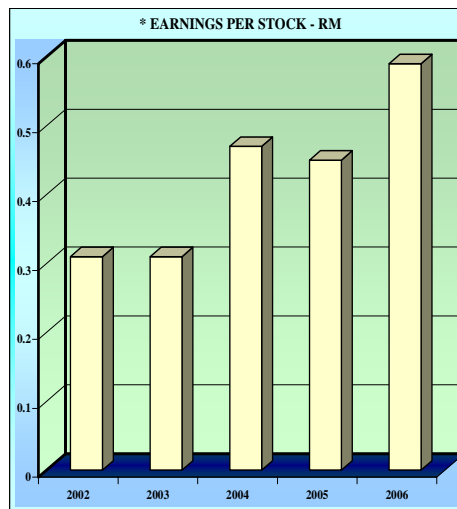
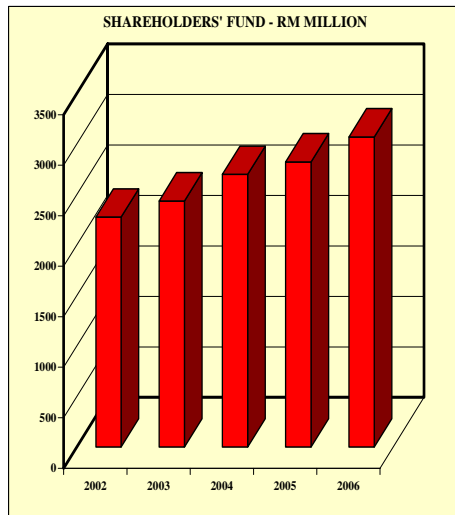
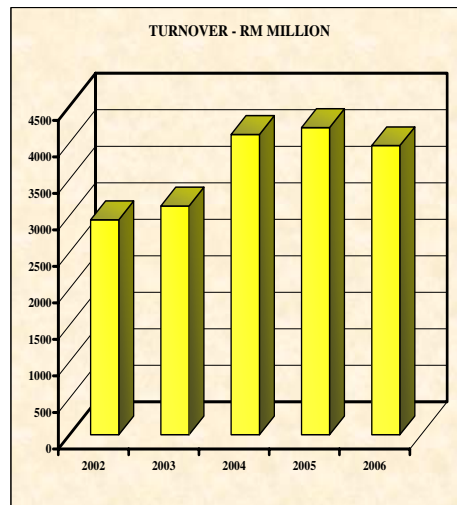
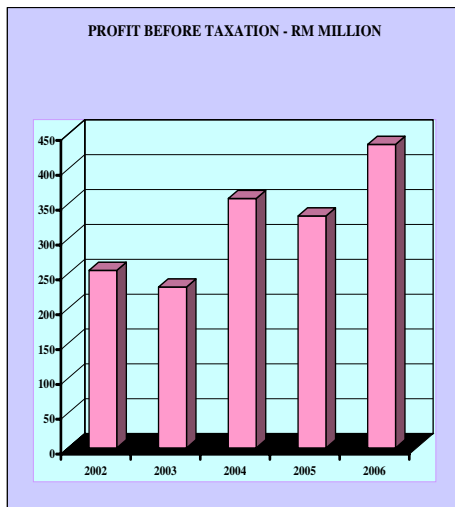


FIVE – YEAR GROUP FINANCIAL SUMMARY – RM'Million

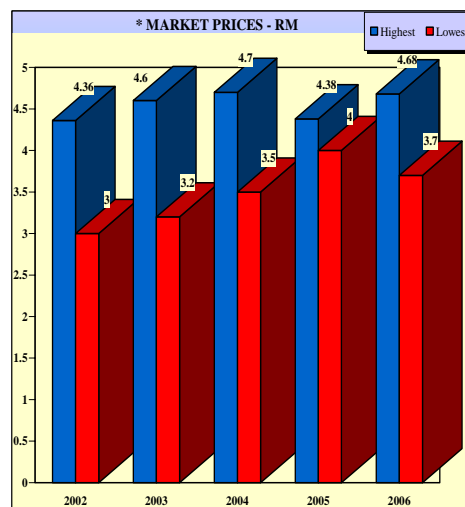
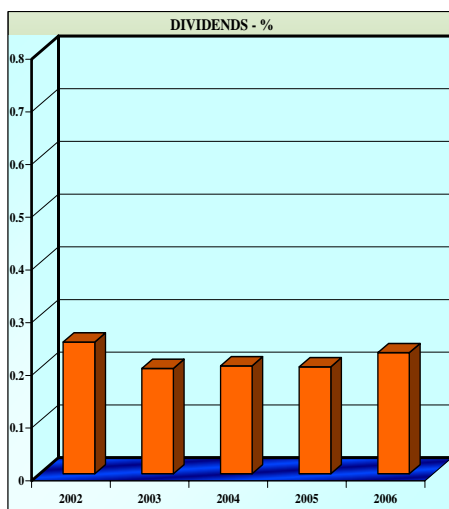
	2006	2005 (Restated)	2004 (Restated)	2003 (Restated)	2002 (Restated)
BALANCE SHEET ANALYSIS					
Share capital	517.0	517.0	517.0	517.0	517.0
Reserves	345.1	335.5	364.0	271.0	189.2
Retained earnings	2,208.8	1,970.7	1,818.4	1,648.4	1,570.8
Treasury stocks	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Total equity attributable to stockholders of the Company	3,070.7	2,823.0	2,699.2	2,436.2	2,276.8
Minority interests	299.8	277.8	279.6	253.3	249.6
Total equity	3,370.5	3,100.8	2,978.8	2,689.5	2,526.4
Property, plant and equipment	1,275.0	1,213.1	1,246.2	1,166.0	1,013.2
Intangible assets	33.0	27.6	31.9	36.1	28.7
Biological assets	156.5	163.1	174.8	166.3	163.0
Investment properties	61.4	61.8	61.9	62.1	55.4
Land held for property development	57.4	56.3	55.4	57.7	57.6
Investments	391.0	365.5	384.3	327.1	311.6
Current assets	2,203.0	1,946.2	1,812.1	1,609.8	1,546.5
Deferred tax assets	7.6	7.3	8.5	6.5	-
Total assets	4,184.9	3,840.9	3,775.1	3,431.6	3,176.0
Total liabilities	(814.4)	(740.1)	(796.3)	(742.1)	(649.6)
	3,370.5	3,100.8	2,978.8	2,689.5	2,526.4
OTHER DATA					
Profit before taxation	435.3	332.8	357.8	230.8	254.6
Tax expense	(101.2)	(62.2)	(79.0)	(53.5)	(34.9)
Profit for the year	334.1	270.6	278.8	177.3	219.7
Minority interests	(28.8)	(36.4)	(34.4)	(15.2)	(58.7)
Net profit attributable to stockholders of the Company	305.3	234.2	244.4	162.1	161.0
DIVIDEND					
Net - RM'million	86.8	75.4	76.3	74.4	93.1
Gross rate - %	23.0	20.3	20.5	20.0	25.0



FINANCIAL HIGHLIGHTS OF THE GROUP



* Adjusted for 2000 Bonus Issue



* Adjusted for 2000 Bonus Issue



FINANCIAL CALENDAR

FINANCIAL YEAR END	31 December 2006
ANNOUNCEMENT OF RESULTS	
Quarter ended 31 March 2006	29 May 2006
Quarter ended 30 June 2006	28 August 2006
Quarter ended 30 September 2006	28 November 2006
Quarter ended 31 December 2006	27 February 2007
DIVIDENDS	
Payment of Interim Dividend for Year 2005	23 January 2006
Payment of Final Dividend for Year 2005	20 July 2006
Payment of Interim Dividend for Year 2006	24 January 2007
Proposed Final and Special Dividend for Year 2006	27 February 2007
POSTING OF ANNUAL REPORT AND FINANCIAL STATEMENTS TO STOCKHOLDERS	6 June 2007
ANNUAL GENERAL MEETING	28 June 2007



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the “Board”) recognises the importance of adopting high standards of corporate governance within the Group. The Board views corporate governance as synonymous with three key concepts, namely transparency, accountability and integrity.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the Principles and Best Practices set out in Parts 1 and 2 of the Malaysian Code on Corporate Governance (the “Code”) respectively.

The Board is pleased to provide the following statements, which outline the main corporate governance practices that were in place throughout the financial year, unless otherwise stated.

Principles Statement

The following statement sets out how the Company has applied the Principles in Part 1 of the Code.

A. Directors

The Board

The Group recognises the vital role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including strategic direction, establishing goals for Management and monitoring the achievement of these goals. Although it does not have a formal schedule of matters reserved to it for decision, the Board is normally involved in deciding the overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of financial and operating performance of the Group.

Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year, the Board met on five (5) occasions, where it deliberated upon and considered a variety of matters including the Group’s financial results, major investments and strategic decisions on the direction of the Group.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. All proceedings from the Board meetings are recorded and the minutes thereof signed by the Chairman of the meeting.



Details of each of the Director's meeting attendance during the financial year are as follows:

	Director	Attendance
Chairman (Executive)	Dato' Loh Cheng Yean	4/5
Managing Director (Executive)	Dato' Wong Lum Kong, JP	5/5
Executive	Dato' Lim Su Tong @ Lim Chee Tong	5/5
Non-Executive	Dato' Dr. Tan Chong Siang	5/5
Non-Executive	Sharifah Intan binti S.M.Aidid	5/5
Non-Executive	Yasuhide Mizuno (resigned on 1 April 2007)	4/5
Non-Executive	Atsushi Fujimoto (appointed on 30 April 2007)	0/0
Independent Non-Executive	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail	5/5
Independent Non-Executive	Dato' Dr. Tunku Ismail bin Tunku Mohammad Jawa	5/5
Independent Non-Executive	Dato' Loh Say Bee	5/5

Board Committee

The Board delegates certain responsibilities to the Audit Committee, in order to enhance business and operational efficiency as well as efficacy.

The Audit Committee has written terms of reference to discharge its responsibilities and the Board receives reports of its proceedings and deliberations. The Chairman of the Audit Committee reports to the Board the outcome of the Committee meetings and matters from such reports are incorporated in the minutes of the full Board meeting.

Board Balance

At the date of this statement, the Board consists of nine (9) members comprising three (3) Independent Non-Executive Directors, three (3) Executive Directors and three (3) Non-Executive Directors. A brief profile of each Director is presented on pages 7 to 10 of this Annual Report.

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in Section 1.01 of the Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The key elements of fulfilling the criteria are the appointment of Directors who are not members of Management (Non-Executive Directors) and who are free of any relationship which could interfere with the exercise of independent judgment or the ability to act in the interests of the Company. The Board complies with paragraph 15.02 of the Listing Requirements, which requires that at least two Directors or one-third of the Board of the Company, whichever is higher, are Independent Directors.

The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate and legal affairs, marketing and operations. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors bring to bear objective and independent judgment to the decision making of the Board and provide a capable check and balance for the Executive Directors.

The Non-Executive Directors contribute significantly in areas such as policy and strategy and performance monitoring. Together with the Executive Directors who have an intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.



There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The Board is led by Dato' Loh Cheng Yean as the Executive Chairman whilst the executive management of the Company is led by Dato' Wong Lum Kong, the Group Managing Director, and Dato' Lim Su Tong @ Lim Chee Tong, the Executive Director. The Board has also identified YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail as the Senior Independent Non-Executive Director to whom concerns of Directors may be conveyed.

The Board is satisfied that the current Board composition fairly reflects the interests of all shareholders in the Company.

Supply of Information

The Board recognises that the decision-making process is highly contingent on the strength of information furnished. As such, Directors have unrestricted access to any information pertaining to the Group.

The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full and timely access to information with Board papers distributed in advance of Board meetings. This ensures that Directors have sufficient time to appreciate issues deliberated at Board meeting and expedites the decision-making process.

Every Director also has unhindered access to the advice and services of the Company Secretaries. The Board believes that the current Company Secretaries are capable of carrying out their duties to ensure the effective functioning of the Board. The Articles of Association specify that the removal of the Company Secretaries is a matter for the Board as a whole.

Prior to meetings of the Board and the Audit Committee, appropriate documents which include the agenda and reports relevant to the issues of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters, are circulated to all members to obtain further explanation, where necessary, in order to be properly briefed before the meetings.

The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial reports, before releasing them to Bursa Malaysia.

Although there are no agreed formal procedures in place, the Board as a whole will determine, whether as a full Board or in their individual capacity, to take independent professional advice on an ad-hoc basis, where necessary and under appropriate circumstances, in furtherance of their duties, at the Group's expense.



Directors' Training

The Board as a whole, ensures that it recruits to the Board only individuals of sufficient caliber, knowledge and experience to fulfill the duties of a Director appropriately. There is no formal training or orientation programme for Directors. However, at the date of this statement, all Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by KLSE Training Sdn Bhd. All the directors have attended Risk Management presentation.

Re-election

The Articles of Association provide that all Directors are subject to retirement and at least one third of the Board is subject to retirement by rotation at each Annual General Meeting ("AGM"). The Directors to retire in each year are those who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-appointment. New Directors appointed to the Board shall also retire at the Annual General Meeting following their appointment. In any of the circumstances, the Directors are eligible for re-election. This provides an opportunity for shareholders to renew their mandate.

The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of AGM.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The Company Secretary ensures that all appointments are properly made, in that all necessary information is obtained and that all legal and regulatory obligations are met.

B Directors' Remuneration

The Company pays its Directors fees that are approved annually by shareholders at the AGM.

The Board, as a whole, approves the remuneration of Executive Directors and Non-Executive Directors with the Directors concerned abstaining from the decision in respect of their individual remuneration.

Details of Directors' remuneration for the financial year ended 31 December 2006 distinguished between Executive and Non-Executive Directors in aggregate are categorised as follows:

Type of remuneration	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	591	517	1,108
Salaries	1,910	-	1,910
Other emoluments	3,745	34	3,779
Total	6,246	551	6,797



The number of Directors of the Company whose total remuneration falls within bands of RM 50,000 for the financial year ended 31 December 2006 is as follows:

Band of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM 50,001 to RM 100,000	-	4
RM 100,001 to RM 150,000	-	2
RM 750,001 to RM 800,000	1	-
RM 2,500,001 to RM 2,550,000	1	-
RM 2,950,001 to RM 3,000,000	1	-
Total	3	6

C. Shareholders and Investors

The Board strives to maintain an active dialogue with shareholders and does this through the Annual Report, the AGM and Extraordinary General Meetings. It has been the Company's practice to send the Notice of AGM and related papers to shareholders at least twenty-one (21) working days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general.

In addition, the Company makes various announcements through Bursa Malaysia, in particular, the timely release of quarterly financial results within two months from the close of a particular financial quarter.

While the Company endeavours to provide pertinent information to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. In any of the circumstances, the Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to shareholders and stakeholders.

D. Accountability and Audit

Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcements of results to Bursa Malaysia as well as the Chairman's statement and review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and their profit or loss and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



State of internal controls

The Statement on Internal Control furnished on pages 33 and 34 of this Annual Report provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the internal and external auditors are included in the Audit Committee Report as detailed on pages 28 and 29 of this Annual Report.

A summary of the activities of the Audit Committee during the financial year, including the evaluation of the independent audit process, is set out in the Audit Committee Report on pages 28 and 29 of this Annual Report.

Compliance Statement

The Company has complied, throughout the financial year ended 31 December 2006, with all the Best Practices set out in Part 2 of the Code except for the following:

- (a) A Nominating Committee has not been formed as the Board is of the view that it is sufficient that the appointment of Directors comes under the purview of the entire Board. There was no formal assessment carried out on the present Directors, including those in the Audit Committee, as the Board is of the opinion that the mix of experience and expertise of the current number of Directors are considered adequate and optimum in addressing the issues affecting the Group. Moreover, a majority of the Directors have been with the Group for many years and have invariably contributed significantly to the Group;
- (b) The Board has not formally examined its size with the view to determine the impact of the number upon its effectiveness as required by Best Practices Provision AA XII. This is because the Board is always conscious of the ongoing contribution by the Directors towards the growth of the Group;
- (c) The Board does not have a formal schedule of matters specifically reserved to it for decision. However, it has been the practice for the Board to deliberate on matters that involve overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of the financial and operating performance of the Group;
- (d) The Board, together with the Group Managing Director, has not developed position descriptions for the Board and the Group Managing Director. This is mainly due to the current set-up of the Board and the Audit Committee that are in place to facilitate the smooth functioning of the Group. Nevertheless, in order to enhance the existing corporate governance practice of the Company, the Board will consider adopting a Board Charter, which delineates the role and function of the Board as well as the differing roles of Executive Directors and Non-Executive Directors;
- (e) The Board currently does not have an agreed procedure for Directors, whether as a full Board or in their individual capacity, in furtherance of their duties, to take independent professional advice at the Group's expense. The Board is of the view that it is adequate for the matter to be brought before the whole Board for deliberation and decision whenever a need for independent professional advice arises;
- (f) A Remuneration Committee has not been established. The remuneration of Directors currently comes under the purview of the entire Board with the relevant Directors abstaining from discussing their individual remuneration. The Directors are of the view that the Board, as a whole, has been expeditiously handling the issue on Directors' remuneration.

This statement is issued in accordance with a resolution of the Directors dated 30 April 2007.



Other Information and Disclosure

Non-audit fees

Non-audit fees amounting to RM488,000 for the Group and RM63,000 for the Company were paid to the external auditors of the Company for the financial year ended 31 December 2006.

Loan Contracts involving interest of Related Party

- (a) Loan contract of USD 7 million and USD 24 million dated October 10, 2001 and May 8, 2002 respectively between the Company (“OHB”) and Oriental Boon Siew (Mauritius) Pte. Ltd. (“OBSM”); and
- (b) Loan contract of USD 15 million and USD 24 million dated October 10, 2001 and May 8, 2002 respectively between OBSM and PT Gunung Maras Lestari (“PT GML”) and PT Gunungsawit Binalestari (“PT GSBL”).

OBSM is a company 50.5% and 49.5% owned by OHB and the substantial shareholder, Boon Siew Sdn Bhd respectively.

The sub-subsidiary companies, namely PT GML and PT GSBL in Indonesia is 92.5% owned by Selasih Permata Sdn Bhd, which in turn is 50.5% and 49.5% owned by OHB and the substantial shareholder, Boon Siew Sdn Bhd respectively.

	Loan from OHB to OBSM	Loan from OBSM to PT GML and PT GSBL
Purpose	Onward lending	To reduce their revolving credit loans as well as for its day to day operations.
Interest rate	USD Libor + Spread of 1.0% per annum	USD Libor + Spread of 1.5% per annum
Terms as to payment of interest	Payable at end of tenor (1, 2 or 3 months) or quarterly (tenor more than 3 months) whichever is applicable	Payable at end of tenor (1, 2 or 3 months) or quarterly (tenor more than 3 months) whichever is applicable
Repayment of principle	On demand	On demand
Security	Unsecured	Unsecured

- (c) Loan contract of USD11.4 million dated September 6, 2004 between Selasih Permata Sdn Bhd (“Selasih”) and Oriental Asia (Mauritius) Pte. Ltd. (“OAM”); and
- (d) Loan contract for the sum of USD11.4 million dated September 6, 2004 between OAM and PT Gunung Maras Lestari (“PT GML”) and PT Gunungsawit Binalestari (“PT GSBL”).

Selasih is a company 50.5% and 49.5% owned by OHB and the substantial shareholder, Boon Siew Sdn Bhd respectively. OAM is a wholly owned subsidiary of Selasih.

The sub-subsidiary companies, namely PT GML and PT GSBL in Indonesia is 92.5% owned by Selasih, which in turn is 50.5% and 49.5% owned by OHB and the substantial shareholder of Boon Siew Sdn Bhd respectively.



	Loan from Selasih to OAM	Loan from OAM to PT GML and PT GSBL
Purpose	Onward lending	To reduce their revolving credit loans as well as for its day to day operations.
Interest rate	USD Libor + Spread of 1.0% per annum	USD Libor + Spread of 1.5% per annum
Terms as to payment of interest	Payable at end of tenor (1, 2 or 3 months) or quarterly (tenor more than 3 months) whichever is applicable	Payable at end of tenor (1, 2 or 3 months) or quarterly (tenor more than 3 months) whichever is applicable
Repayment of principle	On demand	On demand
Security	Unsecured	Unsecured

- (e) Loan contracts of USD 1 million each between OBSM and PT GML and PT GSBL.

OBSM is a company 50.5% and 49.5% owned by OHB and the substantial shareholder, Boon Siew Sdn Bhd respectively.

The sub-subsidiary companies, namely PT GML and PT GSBL in Indonesia is 92.5% owned by Selasih Permata Sdn Bhd, which in turn is 50.5% and 49.5% owned by OHB and the substantial shareholder Boon Siew Sdn Bhd respectively.

	Loan from OBSM to PT GML and PT GSBL
Purpose	To reduce their revolving credit loans as well as for its day to day operations.
Interest rate	USD Libor + Spread of 1.5% per annum
Terms as to payment of interest	Payable at end of tenor (1, 2 or 3 months) or quarterly (tenor more than 3 months) whichever is applicable
Repayment of principle	On demand
Security	Unsecured



Recurrent Related Party Transaction of Recurrent or Revenue Nature (“RRPT”) for the year ended 31 December 2006

a) Transactions between OHB Group and Boon Siew Sdn Bhd Group which involve the interests of major stockholder of OHB, Boon Siew Sdn Bhd and its Group

	<u>RM' 000</u>
Motorcycle parts	13,664
Plastic parts for batteries	745
Forwarding charges	603
Provision of leasing line and hire purchase facilities	711
Building management charges	15
Plastic parts for television	2,197
Materials for plastic parts	615
Office rental	116
Store rental	36
Building materials	1,180
Workshop services, spare parts and raw materials for motor vehicles	3,108
Spare parts and raw materials for motor vehicles	3
Transport charges & truck rental	27
Sand	241
Land rental	63
New motorcycles	13,618
Plastic resin	1,372
Plastic parts for automotive	756

b) Transactions between OHB Group and Boon Siew Sdn Bhd Group which involve the interests of major stockholder of OHB, Boon Siew Sdn Bhd and its Group and a director/major shareholder of OHB subsidiaries, Dato' Syed Mohamad Bin Syed Murtaza and family

	<u>RM' 000</u>
Motorcycle spokes, nipples and control cables	4,279
Motorcycle parts	162,656
Assembly charges on motorcycle	46,776
Honda cars & parts	1,900
Plastic parts for batteries	5
Provision of sales, corporate advertising and marketing of hotel	1,123
Forwarding charges	522
Plastic parts for television	1,987
Office rental	286
Spare parts and raw materials for motor vehicles	29
Management fees	1,172



c) Transactions between OHB Group which involve the interests of a director/major shareholder of OHB subsidiaries, Dato' Syed Mohamad Bin Syed Murtaza and family

	<u>RM' 000</u>
Colour compound of plastic resins	5,743
Plastic parts for automotive	4,165
New molds and mold repairs	852
Prototype for plastic parts	106
Plastic parts for motor cycle	34
Factories rental	1,452
New cars	89
Rental of machinery	463
Rental of office, furniture and fittings	52
Service & repairs of cars	95
Spare parts, shock absorbers and raw materials for motor vehicles	7
Spare parts and accessories for motor vehicles	884
Painting, spraying charges, motor vehicles parts, rework charges	68

d) Transactions between OHB Group and Honda Motor Co. Ltd. Group which involve the interests of a director/major shareholder of OHB subsidiaries, Dato' Syed Mohamad Bin Syed Murtaza and family and a major shareholder of OHB subsidiaries, Honda Motor Co. Ltd.

	<u>RM' 000</u>
Spare parts, shock absorbers for motor vehicles	1,215
Materials and services for motor vehicles	31,946
Shock absorbers for motorcars	3,726
Automotive control cables & power window regulator	6,829
Plating services of mufflers & wheel rims	4,923
Motorcycle plastic parts	1,697
Welding wires/spoke steel wires for manufacture of motor vehicles parts	1,586
Hostel rental	50
Knocked down engine for motor vehicles	24,172
Rental of car parks for storage	1,080
Motor cars & spare parts	24,740
New vehicles, spare parts and accessories for motor vehicles	34,988

e) Transactions involved interests of major shareholders of OHB subsidiary, i-Logistics Corporation, Itochu Corporation and their related companies

	<u>RM' 000</u>
Forwarding charges earned	497
Forwarding charges	1,093

f) Transactions between OHB Group which involve the interests of major shareholders of OHB subsidiary, Tan Liang Chye and Ooi Soo Pheng

	<u>RM' 000</u>
Concrete products	225



g) Transactions involved interest of a major shareholder of OHB subsidiary, Tan Liang Chye

	<u>RM' 000</u>
Concrete products	200

h) Transactions between OHB Group which involve the interests of a major shareholder of OHB subsidiary, Hyumal Motor Sdn Bhd and its related company

	<u>RM' 000</u>
Workshop services	12
Commissions and incentives	35



AUDIT COMMITTEE REPORT

Membership

The present members of the Audit Committee (the “Committee”) comprise:

Name of member	Position
YM Tengku Tan Sri Dato’ Seri Ahmad Rithauddeen bin Tengku Ismail	Chairman, Independent Non-Executive Director
Dato’ Wong Lum Kong, J.P.	Group Managing Director
Dato’ Loh Say Bee	Independent Non-Executive Director
Dato’ Dr Tunku Ismail bin Tunku Mohammad Jawa	Independent Non-Executive Director
Sharifah Intan binti S.M. Aidid	Non-Executive Director

Terms of reference

The Committee was established to act as a Committee of the Board of Directors, with terms of reference as set out on pages 30 to 32 of this Annual Report.

Meetings

The Committee convened five (5) meetings during the financial year. Details of the attendance of members are as follows:

Name of member	Attendance
YM Tengku Tan Sri Dato’ Seri Ahmad Rithauddeen bin Tengku Ismail	5/5
Dato’ Wong Lum Kong, J.P.	5/5
Dato’ Loh Say Bee	5/5
Dato’ Dr Tunku Ismail bin Tunku Mohammad Jawa	5/5
Sharifah Intan binti S.M. Aidid	5/5

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

The Company Secretary was present by invitation at all meetings. Representatives of the external auditors and the head of Internal Audit also attended the meetings upon invitation.



Summary of activities during the financial year

The Committee carried out its duties in accordance with its term of reference during the financial year. The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and audit plan for the year. Prior to the audit, representatives of the external auditors presented their audit strategy and plan;
- Reviewed with the external auditors the results of the audit, the audit report and the management letter;
- Reviewed the internal audit department's resource requirements and plan for the financial year under review;
- Reviewed the internal audit reports, which highlighted the audit issues and Management's response;
- Reviewed the audited financial statements of the Group and of the Company, before submission to the Board for its consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies' Act, 1965 and the applicable approved accounting standards adopted by the Malaysian Accounting Standards Board;
- Reviewed the Company's compliance, in particular the quarterly and year-end financial statements, with the Listing Requirements of Bursa Malaysia Securities Berhad and other relevant legal and regulatory requirements;
- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group; and
- Reviewed the quarterly unaudited financial results and announcements before recommending them for the Board's approval.

Internal audit function

The Group has an internal audit function that is independent of the activities and operations it audits. The principal role of the internal audit is to undertake independent, regular and systematic reviews of the systems of internal control in order to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on pages 33 and 34 of this Annual Report.



TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:

- Assess the Group's processes relating to its risks and control environment;
- Oversee financial reporting; and
- Evaluate the internal and external audit processes.

Composition

The Board shall elect and appoint Committee members from amongst its numbers, comprising no fewer than three (3) Directors, the majority of whom shall be independent non-executive Directors of the Company.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:

- A member of the Malaysian Institute of Accountants ("MIA"); or
- If he/she is not a member of MIA, he/she must have at least three (3) years of working experience and:
 - he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he/she must be a member of the associations of accountants specified in Part II of the Accountants Act 1967.

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an independent non-executive Director. No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall review the terms of office of each of its members at least once (1) every three (3) years.

Quorum and Committee's procedures

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate.

In order to form a quorum (subject to a minimum number of two members) for the meeting, the majority of the members present must be independent non-executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be appointed Secretary of the Committee (the "Secretary"). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee. The minutes shall be circulated to members of the Board.



The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The Chairman shall submit an annual report to the Board summarising the Committee's activities during the financial year and the related significant results and findings thereof.

The Committee shall meet at least annually with the Management, and at least once every year with the Head of Internal Audit and external auditors in separate sessions to discuss any matters with the Committee without the presence of any executive member of the Board.

The Committee shall regulate the manner of proceeding of its meetings, having regard to normal conventions on such matter.

Authority

The Committee is authorised to seek any information it requires from employees, who are required to co-operate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meeting with the external auditors whenever deemed necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in breach of the Bursa Malaysia Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.



Responsibilities and duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

- Review with the external auditor, the audit scope and plan, including any changes to the planned scope of the audit plan,
- Review the adequacy of the internal audit scope and plan, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
- Review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that have been identified;
- Review major audit findings and management's response during the financial year with Management, external auditors and internal auditors, including the status of previous audit recommendations;
- Review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information;
- Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money;
- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
- Review the Internal Audit Charter, budget and staffing of the internal audit department;
- Review the adequacy and integrity of internal control systems, including management information system and the internal auditors' and/or external auditors' evaluation of the said systems;
- Direct and, where appropriate, supervise any special projects or investigations considered necessary, and review investigation reports on any major defalcations, frauds and thefts;
- Review the quarterly results and the year-end financial statements, prior to the approval by the Board focusing particularly on:
 - Changes in implementation of major accounting policy;
 - Significant or unusual events; and
 - Compliance with accounting standards and other legal requirements.
- Review procedures in place to ensure that the Group is in compliance with the Companies Act 1965, Bursa Malaysia Listing Requirements and other legislative and reporting requirements;
- Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on management integrity;
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarising the work performed in fulfilling the Committee's primary responsibilities; and
- Any other activities, as authorised by the Board.



STATEMENT ON INTERNAL CONTROL

Introduction

Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) requires the Board of Directors of public listed companies to include in its Annual Report a statement about the “state of internal control of the listed issuer as a group”. The Board is committed to maintaining a sound system of internal control in the Group, comprising the Company and all its subsidiaries, and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year.

Board responsibility

The Board is ultimately responsible for the Group’s system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter-alia, financial, organisational, operational and compliance controls and risk management.

Following the publication of the *Statement on Internal Control: Guidance for Directors of Public Listed Companies* (the “Internal Control Guidance”), the Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The Board also confirms that, going forward, this process will be reviewed periodically to ensure it accords with the Internal Control Guidance.

Enterprise risk management framework

The Board fully supports the contents of the Internal Control Guidance and accordingly, appointed a firm of consultants to carry out an Enterprise Risk Management (“ERM”) review of a pilot subsidiary, the assignment of which was completed in 2003. Consequent to this pilot review, the relevant personnel within the Group were deployed to roll out the entire ERM review to the other companies in the Group. The main objective of the ERM review is to assist Management to formalise and embed a structured risk management process across the Group in order to sensitise all employees within the Group more strongly to risk identification, evaluation, control, monitoring and reporting.

The ERM framework encompasses the following initiatives:

- Issuance of the Risk Management Policy and Procedure Document, which outlines the risk management framework for the Group and offers practical guidance to all employees on risk management issues;
- The Group Risk Management Committee (the “Committee”) was established with the responsibility of identifying and communicating to the Board the critical risks (present and potential) the Group faces, their changes and the management action plans to manage the risks. The Committee met on two (2) occasions where it deliberated on the progress of the roll out of the ERM methodology, the documentation, monitoring and the reporting requirements;
- The appointment of a dedicated Risk Officer to coordinate the ERM activities within the Group, to supervise the ERM policy implementation and documentation at Group level and to act as the central contact and guide for ERM issues within the Group;
- Holding of risk awareness sessions for key operational managers/officers of the various businesses units within the Group to inculcate an understanding of risks and controls as they relate to the businesses of the Group;



- Holding of a series of risk management workshops/interviews for the business units within the Group;
- Establishment and formalisation of the risk management reporting framework, including submission of the risk management reporting package to the Risk Management Committee;
- Consideration of the residue risk treatment options and preparation of the relevant management action plans to address the risk and control issues; and
- The appointment of a firm of consultants to review the risk parameters of the business units and assist in the compilation of the risk profile for the Group.

Internal audit function

The Group has in place an independent internal audit function, which provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control.

The internal audit function adopted the risk-based methodology in its review of key processes of the various operating units in the Group and provided independent and objective reports on the state of internal control of the various operating units within the Group direct to the Audit Committee during the financial year.

The internal audit function also ensured that Management followed up in the implementation of action plans it recommended to improve areas where control deficiencies were noted during internal audit.

Internal control process

Apart from risk management and internal audit, the Board has put in place the following pertinent measures to strengthen the internal control system of the Group:

- The Audit Committee carries out diligent reviews of the quarterly financial results and reports and evaluates the explanations and reasons for significant unusual variances noted thereof;
- The close involvement of Executive Directors, who are hands-on in the day to day operations of the Group; and
- An organisational structure with formally defined lines of responsibility and delegation of authority has been put in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority and policies on various operational areas. These procedures are relevant across the Group to provide for continuous assurance to be given at increasingly higher levels of Management and, finally, to the Board.

Weakness in internal controls that result in material losses

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. The Board and Management continue to take pertinent measures to strengthen the control environment, as appropriate.

This statement is issued in accordance with a resolution of the Directors dated 30 April 2007.



Directors' report for the year ended 31 December 2006

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

Principal activities

The principal activities of the Company are as follows :

- (a) investment holding;
- (b) commission agent; and
- (c) provision of management services.

The principal activities of its subsidiary companies and associated companies are set out in Note 32 and Note 9 to the financial statements respectively.

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

Results

	Group RM'000	Company RM'000
Profit for the year	<u>305,251</u>	<u>81,384</u>

Reserves and provisions

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

Dividends

Based on issued capital of 516,968,192 stocks (after deducting 31,808 Treasury Stocks) of RM1 each

A final dividend of 10% less 27% tax and a special dividend at 3% less 27% tax, totalling RM49,060,282 have been recommended by the Directors in respect of the year ended 31 December 2006, subject to the approval of the stockholders at the forthcoming Annual General Meeting.

Since the end of the previous financial year, the Company paid :

- i) an interim dividend of 10% less 28% tax, totalling RM37,221,710 in respect of the year ended 31 December 2005 on 23 January 2006;
- ii) a final dividend of 10.25% less 28% tax, totalling RM38,152,253 in respect of the year ended 31 December 2005 on 20 July 2006; and
- iii) an interim dividend of 10% less 27% tax, totalling RM37,738,678 in respect of the year ended 31 December 2006 on 24 January 2007.



Directors of the Company

Directors who served since the date of the last report are:

Dato' Loh Cheng Yean
Dato' Wong Lum Kong
Dato' Loh Say Bee
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail
Dato' Lim Su Tong @ Lim Chee Tong
Dato' Dr. Tan Chong Siang
Dato' Prof. Dr Tunku Ismail Bin Tunku Mohammad Jawa
Sharifah Intan Binti S. M. Aidid
Yasuhide Mizuno (Resigned on 1.4.2007)
Atsushi Fujimoto (Appointed on 30.4.2007)

In accordance with Section 129 (2) of the Companies Act, 1965, Dato' Loh Say Bee, YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail, Dato' Prof. Dr Tunku Ismail Bin Tunku Mohammad Jawa and Puan Sharifah Intan Binti S. M. Aidid retire at the forthcoming Annual General Meeting and, offer themselves for re-election as Directors of the Company until the conclusion of the next Annual General Meeting.

In accordance with Article 133 of the Company's Articles of Association, Dato' Lim Su Tong @ Lim Chee Tong retires by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 138 of the Company's Articles of Association, Mr. Atsushi Fujimoto retires at the forthcoming Annual General Meeting and, offers himself for re-election.

Directors' interests

The holdings in the stocks of the Company and shares of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows :

	Balance at 1.1.2006	Direct Interest		Balance at 31.12.2006
		Bought	(Sold)	
Stocks of RM1 each				
<u>The Company</u>				
Dato' Loh Cheng Yean	200,696	-	-	200,696
Dato' Wong Lum Kong	150,958	-	-	150,958
Dato' Loh Say Bee	44,642	-	-	44,642
Dato' Lim Su Tong @ Lim Chee Tong	2,472,422	-	-	2,472,422
Dato' Dr. Tan Chong Siang	31,923	-	-	31,923
Sharifah Intan Binti S. M. Aidid	15,000	-	-	15,000
Shares of RM1 each				
<u>Related companies</u>				
Sharifah Intan Binti S.M. Aidid				
- Armstrong Auto Parts Sdn. Berhad	227,318	-	-	227,318
- Teck See Plastic Sdn. Bhd.	100,000	-	-	100,000

None of the other Directors holding office at 31 December 2006 had any interest in the stocks of the Company and shares of its related corporations during the financial year.



Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of full time employees of related companies) by reason of a contract made by the Company or a related company with a Director or with a firm of which a Director is a member, or with a company in which the Director has a substantial financial interests apart from certain transactions entered in the ordinary course of business between the Group and companies in which certain Directors have interests as detailed in Note 28 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company and no debentures were issued by the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist | :

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.



Other statutory information (Cont'd)

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the effects arising from the change in accounting policies as disclosed in Note 33 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2006 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

Details of such events are as disclosed in Note 30 to the financial statements.

Subsequent event

Details of such events are as disclosed in Note 31 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

Dato' Loh Say Bee
Director

Dato' Lim Su Tong @ Lim Chee Tong
Director

Penang,

Date: 30 April 2007



Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 41 to 109, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2006 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors :

Dato' Loh Say Bee
Director

Dato' Lim Su Tong @ Lim Chee Tong
Director

Penang,

Date : 30 April 2007

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Wong Lum Kong, the Managing Director primarily responsible for the financial management of Oriental Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 41 to 109 are, to the best of my knowledge and belief, 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 at Georgetown in the State of Penang on 30 April 2007.

.....
Dato' Wong Lum Kong

Before me :

CHAI CHOON KIAT, PJM
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang



Report of the auditors to the stockholders of Oriental Holdings Berhad

We have audited the financial statements set out on pages 41 to 109. The preparation of the financial statements is the responsibility of the Company's Directors.

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

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of :
 - i) the state of affairs of the Group and of the Company at 31 December 2006 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;
- and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiary companies in respect of which we have not acted as auditors are identified in Note 32 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

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

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

KPMG
Firm Number : AF 0758
Chartered Accountants

Lee Kean Teong
Partner
Approval Number : 1857/02/08 (J)

Penang,

Date : 30 April 2007



BALANCE SHEETS AT 31 DECEMBER 2006

		Group		Company	
	Note	2006 RM'000	2005 RM'000 (Restated)	2006 RM'000	2005 RM'000 (Restated)
Assets					
Property, plant and equipment	3	1,274,966	1,213,124	12,165	12,168
Intangible assets	4	32,959	27,568	-	-
Biological assets	5	156,536	163,128	-	-
Land held for property development	6	57,409	56,242	-	-
Investment properties	7	61,390	61,799	3,834	3,834
Investments in subsidiary companies	8	-	-	391,919	391,919
Investments in associated companies	9	183,624	183,607	21,201	21,201
Other investments	10	207,357	181,905	33,113	33,113
Deferred tax assets	11	7,593	7,299	-	-
Total non-current assets		1,981,834	1,894,672	462,232	462,235
Property development costs	12	2,206	9,330	-	-
Receivables, deposits and prepayments	13	482,546	383,492	367,397	364,590
Inventories	14	408,221	365,739	-	-
Current tax assets		-	-	4,397	9,238
Cash and cash equivalents	15	1,310,079	1,187,646	22,243	14,308
Total current assets		2,203,052	1,946,207	394,037	388,136
Total assets		4,184,886	3,840,879	856,269	850,371
Equity					
Share capital		517,000	517,000	517,000	517,000
Reserves		345,189	335,568	30,060	30,060
Retained earnings		2,208,764	1,970,734	270,472	264,979
		3,070,953	2,823,302	817,532	812,039
Treasury stocks		(249)	(249)	(249)	(249)
Total equity attributable to stockholders' of the Company		3,070,704	2,823,053	817,283	811,790
Minority interests		299,814	277,761	-	-
Total equity	16	3,370,518	3,100,814	817,283	811,790
Liabilities					
Deferred liabilities	17	23,428	17,388	-	-
Borrowings	18	17,424	-	-	-
Total non-current liabilities		40,852	17,388	-	-
Payables and accruals	19	339,039	337,852	1,247	1,359
Borrowings	18	347,907	322,690	-	-
Current tax liabilities		48,831	24,913	-	-
Dividend payable		37,739	37,222	37,739	37,222
Total current liabilities		773,516	722,677	38,986	38,581
Total liabilities		814,368	740,065	38,986	38,581
Total equity and liabilities		4,184,886	3,840,879	856,269	850,371

The notes on pages 49 to 109 are an integral part of these financial statements.



INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

		Group		Company	
	Note	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Continuing operations					
Revenue	20	3,959,654	4,207,081	104,610	62,018
Cost of sales		(3,211,048)	(3,525,639)	-	-
Gross Profit		<u>748,606</u>	<u>681,442</u>	<u>104,610</u>	<u>62,018</u>
Distribution costs		(64,929)	(63,220)	-	-
Administration expenses		(203,212)	(201,883)	(2,577)	(2,544)
Other operating expenses		(78,212)	(114,096)	(1)	-
Other operating income		26,744	21,026	-	7,712
		<u>(319,609)</u>	<u>(358,173)</u>	<u>(2,578)</u>	<u>5,168</u>
Operating profit	20	<u>428,997</u>	<u>323,269</u>	<u>102,032</u>	<u>67,186</u>
Interest expense		(10,405)	(9,056)	-	-
Share of profit after tax and minority interests of equity accounted associated companies		16,724	18,592	-	-
Profit before tax		<u>435,316</u>	<u>332,805</u>	<u>102,032</u>	<u>67,186</u>
Tax expense	22	(101,234)	(62,217)	(20,648)	(11,000)
Profit for the year		<u><u>334,082</u></u>	<u><u>270,588</u></u>	<u><u>81,384</u></u>	<u><u>56,186</u></u>
Attributable to :					
Stockholders of the Company		305,251	234,209	81,384	56,186
Minority interests		28,831	36,379	-	-
Profit for the year		<u><u>334,082</u></u>	<u><u>270,588</u></u>	<u><u>81,384</u></u>	<u><u>56,186</u></u>
Basic earnings per ordinary stock (sen)	23	<u><u>59.04</u></u>	<u><u>45.30</u></u>		
Dividends per ordinary stock - gross (sen)	24	<u><u>23.0</u></u>	<u><u>20.25</u></u>	<u><u>23.0</u></u>	<u><u>20.25</u></u>

The notes on pages 49 to 109 are an integral part of these financial statements.



STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Group 2006 RM'000	2005 RM'000	Company 2006 RM'000	2005 RM'000
Foreign currency translation differences for foreign operations	16	18,291	(37,157)	-	-
Income and expense recognised directly in equity		18,291	(37,157)	-	-
Profit for the year		334,082	270,588	81,384	56,186
Total recognised income and expense for the year		352,373	233,431	81,384	56,186
Attributable to :					
Stockholders of the Company		323,542	197,052	81,384	56,186
Minority interests		28,831	36,379	-	-
		352,373	233,431	81,384	56,186
Impact of change in accounting policies at 1 January :					
Retained earnings	33	8,670	-	(20,523)	-
Consolidation reserve		(8,670)	-	-	-
		-	-	(20,523)	-

The notes on pages 49 to 109 are an integral part of these financial statements.



CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Group 2006 RM'000	2005 RM'000 (Restated)	Company 2006 RM'000	2005 RM'000
Cash flows from operating activities					
Profit before tax from continuing operations		435,316	332,805	102,032	67,186
<i>Adjustments for :</i>					
Allowance for diminution in value of long term investments		-	1,395	-	-
Amortisation of biological assets	5	10,710	10,839	-	-
Amortisation of deferred expenditure	4	1,066	4,922	-	-
Biological assets written off	5	-	8	-	-
Deferred expenditure written off	4	602	336	-	-
Depreciation					
- property, plant and equipment	3	97,507	93,517	88	79
- investment properties	7	149	149	-	-
Dividend income (gross)		(13,454)	(8,960)	(95,881)	(56,026)
Loss/(Gain) on disposal of investments	10	287	(535)	-	(7,645)
Interest expense		10,405	9,056	-	-
Interest income		(43,143)	(27,552)	(8,108)	(5,620)
(Gain)/Loss on disposal :					
- property, plant and equipment		(894)	2,333	-	(67)
- investment properties		(83)	-	-	-
Plant and equipment written off		299	23	-	-
Share of profits in associated companies		(16,724)	(18,592)	-	-
Unrealised gain on foreign exchange		(14,647)	(6,562)	-	-
Operating profit/(loss) before changes in working capital		467,396	393,182	(1,869)	(2,093)
<i>Changes in working capital :</i>					
(Increase)/Decrease in inventories		(32,066)	67,000	-	-
(Increase)/Decrease in receivables, deposits and prepayments		(95,541)	35,332	(2,807)	36,738
(Increase)/Decrease in amount due from associated companies		(503)	2,053	-	-
(Decrease)/Increase in payables and accruals		(9,818)	16,148	(112)	(1,610)
		(137,928)	120,533	(2,919)	35,128
Cash generated from/(used in) operations		329,468	513,715	(4,788)	33,035
Dividends received (net)		-	-	80,074	42,763
Interest received		466	382	-	-
Interest paid		(12,513)	(9,056)	-	-
Tax paid		(72,076)	(85,322)	-	-
Net cash generated from operating activities		245,345	419,719	75,286	75,798



CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)

	Note	Group 2006 RM'000	2005 RM'000 (Restated)	Company 2006 RM'000	2005 RM'000
Cash flows from investing activities					
Additions to deferred expenditure	4	(6,392)	(938)	-	-
Additions to land held for property development	6	(1,167)	(888)	-	-
Additions of property, plant and equipment	3, A	(162,644)	(118,067)	(85)	(47)
Additions to biological assets	5	(9,292)	(10,643)	-	-
Dividends received		29,944	28,375	-	-
Interest received		42,753	26,982	8,108	5,620
Net cash (outflow)/inflow on acquisition of a subsidiary company	B	(124)	410	-	-
Net cash inflow on disposal of a subsidiary company	C	-	8,049	-	-
Proceeds from disposal of investments	10	26,767	47,955	-	22,209
Proceeds from disposal of - plant and equipment		5,793	15,443	-	67
- investment properties		343	-	-	-
Purchase of investments		(44,846)	(34,656)	-	(26,172)
Net cash (used in)/generated from investing activities		(118,865)	(37,978)	8,023	1,677
Cash flows from financing activities					
Dividends paid to minority shareholders		(5,819)	(4,752)	-	-
Dividends paid to stockholders of the Company	24	(75,374)	(76,305)	(75,374)	(76,305)
Fixed deposits pledged for banking facilities		4,061	(2,500)	-	-
Repayments of lease obligations		(383)	(183)	-	-
Short term borrowings, net		62,834	1,992	-	-
Net cash used in financing activities		(14,681)	(81,748)	(75,374)	(76,305)
Net increase in cash and cash equivalents		111,799	299,993	7,935	1,170
Cash and cash equivalents at 1 January		1,155,065	860,823	14,308	13,138
Effect of exchange rate fluctuations on cash and cash equivalents		16,073	(5,751)	-	-
Cash and cash equivalents at 31 December	D	<u>1,282,937</u>	<u>1,155,065</u>	<u>22,243</u>	<u>14,308</u>

A. Additions of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM163,546,000 (2005 : RM118,067,000) of which RM902,000 (2005 : RM Nil) was acquired by hire purchase/lease arrangements.



CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)

Notes

B. *Acquisition of a subsidiary company*

2006

During the financial year, Unique Mix (Penang) Sdn. Bhd., a 70% subsidiary of Simen Utara Sdn. Bhd. ("SU"), which in turn is a 91% subsidiary of Kwong Wah Enterprise Sdn. Bhd. ("KWE"), a wholly owned subsidiary of OHB, acquired 126,000 ordinary shares of RM1 each, representing 42% of the total issued and paid-up share capital in Konkrit Utara Sdn. Bhd. ("K Utara") at a cash consideration of RM157,501.

The fair values of assets acquired and liabilities assumed are as follows :

	2006 RM'000
Property, plant and equipment	7
Current assets	
Receivables, deposits and prepayments	365
Current tax assets	14
Cash and bank balances	33
Current liabilities	
Payables and accruals	(1,128)
Deferred tax liabilities	(6)
Minority interest at the date of acquisition	-
	<u>(715)</u>
Goodwill on acquisition	872
Total purchase consideration, satisfied in cash	<u>157</u>
Less : Cash and cash equivalents at the date of acquisition	(33)
Net cash outflow on acquisition	<u><u>124</u></u>



CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)

Notes

B. Acquisition of a subsidiary company (Cont'd)

2005

During the financial year, the Group's 91% owned subsidiary company, Simen Utara Sdn Bhd ("SU") acquired additional 25% equity interest in Unique Mix (Penang) Sdn Bhd ("U Mix") for a total cash consideration of RM1.5 million comprising 875,000 ordinary shares of RM1.00 each, and accordingly U Mix became a 63.70% owned subsidiary company of the Group.

The fair values of assets acquired and liabilities assumed were as follows :

	2005 RM'000
Property, plant and equipment	2,474
Investments	974
Current assets	16,084
Current liabilities	(14,125)
Deferred tax liabilities	(128)
Long term borrowings	(252)
Minority interests	(2,059)
	<hr/> 2,968
Add : Share of net assets previously retained in an associated company	205
Net assets acquired	<hr/> 3,173
Negative goodwill on acquisition	(1,642)
Consideration paid, satisfied in cash	<hr/> 1,531
Less : Cash and cash equivalents acquired	(1,941)
Net cash inflow on acquisition	<hr/> <hr/> (410)



CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)

Notes

C. Disposal of a subsidiary company

2005

During the financial year, the Company disposed of its 35.6% equity interest in Hitachi Construction Machinery (Malaysia) Sdn. Bhd. ("HCMM" – formerly known as Oriental-Hitachi Construction Machinery Sdn. Bhd.) for a total cash consideration of RM15.5 million and consequently, HCMM became a 30.0% owned associated company of the Company.

The fair values of assets disposed and liabilities relieved were as follows :

	2005 RM'000
Property, plant and equipment	11,497
Current assets	75,479
Current liabilities	(38,697)
Minority interests	(16,623)
	<u>31,656</u>
Less: Share of net assets previously retained in an associated company	(15,894)
Loss on disposal	(258)
	<u>15,504</u>
Consideration received, satisfied in cash	15,504
Less : Cash and cash equivalents disposed of	(7,455)
Net cash inflow on disposal	<u>8,049</u>

D. Cash and cash equivalents

Cash and cash equivalents consist of :

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cash and bank balances	154,460	163,355	947	824
Fixed deposits (excluding pledged deposits)	1,132,622	997,233	21,296	13,484
Bank overdrafts	(4,145)	(5,523)	-	-
	<u>1,282,937</u>	<u>1,155,065</u>	<u>22,243</u>	<u>14,308</u>

The Group's cash and cash equivalents are stated net of pledged deposits of RM22,997,000 (2005 : RM27,058,000) as disclosed in Note 15 to the financial statements.

The notes on pages 49 to 109 are an integral part of these financial statements.



Notes to the financial statements

Oriental Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as below :

Registered office

Suite 2-1, 2nd Floor
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business

1st Floor, 25B, Lebuhr Farquhar
10200 Penang

The consolidated financial statements as at and for the year ended 31 December 2006 comprise the Company and its subsidiary companies (together referred to as the Group) and the Group's interest in associated companies.

The principal activities of the Company are as follows :

- (a) investment holding;
- (b) commission agent; and
- (c) provision of management services.

The principal activities of its subsidiary companies and associated companies are set out in Notes 32 and 9 to the financial statements respectively.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

The MASB has issued the following Financial Reporting Standards ("FRSs") and Interpretations that are effective for annual periods beginning after 1 January 2006, and that have not been applied in preparing these financial statements :

Standard/Interpretation	Effective date
FRS 117, Leases	1 October 2006
FRS 124, Related Party Disclosures	1 October 2006
FRS 139, Financial Instruments : Recognition and Measurement	To be announced
Amendment to FRS 119 ₂₀₀₄ , Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
FRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007



1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standard/Interpretation	Effective date
IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7, Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8, Scope of FRS 2	1 July 2007

The Group and the Company plan to apply FRS 117 and FRS 124 initially for the annual period beginning 1 January 2007 and the Amendment to FRS 121 initially for the annual period beginning 1 July 2007.

The impact of applying FRS 117, FRS 124 and FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective standards.

There is no financial impact on applying the Amendment to FRS 121 on the financial statements upon first adoption of this standard.

FRS 6, the Amendment to FRS 119₂₀₀₄ and the Interpretations listed above are not applicable to the Group and the Company. Hence, no further disclosure is warranted.

The effects of adopting the new/revised FRSs in 2006 are set out in Note 33.

The financial statements were approved by the Board of Directors on 30 April 2007.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.



2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

Certain comparative amounts have been reclassified to conform to the current year's presentation (see Note 34).

(a) Basis of consolidation

(i) *Subsidiary companies*

Subsidiary companies are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control commences until the date that control ceases. Subsidiary companies are consolidated using the acquisition method of accounting.

In previous years, certain investments in subsidiary companies are stated in the Company's balance sheet at cost/valuation less impairment losses. Following the adoption of FRS 127, Consolidated and Separate Financial Statements, all investments in subsidiary companies are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

This change in accounting policy has been applied retrospectively and its effect is disclosed in Note 33.

(ii) *Associated companies*

Associated companies are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associated companies are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associated companies, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associated company, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associated companies are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) *Changes in Group composition*

Where a subsidiary company issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.



2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

When a group purchases a subsidiary company's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary company is accounted for as a purchase of equity interest for which the acquisition accounting method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) *Minority interests*

Minority interests at the balance sheet date, being the portion of the net identifiable assets of subsidiary companies attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiary companies, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity stockholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity stockholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary company, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary company subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(v) *Transactions eliminated on consolidation*

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.



2. Significant accounting policies (Cont'd)

(b) Foreign currency

(ii) *Operations denominated in functional currencies other than Ringgit Malaysia*

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in equity.

On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations as at 31 December 2006 are as follows :

Malaysian Ringgit per unit of foreign currency

	2006	2005
US dollar	3.52	3.77
Singapore dollar	2.29	2.24
Brunei dollar	2.62	2.24
Australian dollar	2.78	2.75
New Zealand dollar	2.47	2.57

Malaysian Ringgit per 100 units of foreign currency

Chinese renminbi	45.11	45.90
Indonesian rupiah	0.04	0.04
Japanese yen	2.96	3.32
Thai baht	9.75	8.93
Vietnam dollar	43.52	41.75

(c) Property, plant and equipment

(i) *Recognition and measurement*

Freehold land, freehold land and plantations as well as capital work-in-progress are stated at cost/valuation less accumulated impairment losses, if any. All other property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses, if any.

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain properties were revalued in 1976 and 1978 and no later valuation has been recorded for these property, plant and equipment.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.



2. Significant accounting policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) *Reclassification to investment property*

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property.

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property.

(iii) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iv) *Depreciation*

Freehold land, freehold land and plantations as well as capital work-in-progress are not depreciated. Leasehold land is depreciated in equal instalments over the period of the leases which range from 30 years to 99 years. Special tools (included in plant and machinery) are depreciated based on estimated unit of production. Depreciation is recognised in the income statement.

On other assets, depreciation is calculated to write off the cost or valuation of property, plant and equipment on a straight line basis over the expected useful lives of the assets concerned at the following annual rates :

	%
• Buildings	2 - 10
• Assembly plant	5 - 20
• Plant and machinery	7 - 33 1/3
• Furniture, fixtures, fittings and equipment	5 - 50
• Vehicles	20

The initial cost of hotel operating equipment (included under furniture, fixtures, fittings and equipment) such as linen, crockery, glassware, cutlery and kitchen utensils has been capitalised and is not depreciated. Subsequent acquisition to replace these operating assets are written off in the year in which they are incurred.



2. Significant accounting policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

Capital work-in-progress are transferred to the respective categories of property, plant and equipment when the assets are ready for their intended use and depreciation will commence thereon.

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(d) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's balance sheet.

(e) Intangible assets

(i) *Goodwill*

Goodwill / (negative goodwill) arises on the acquisition of subsidiary companies and associated companies.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

With the adoption of FRS 3, the carrying amount of negative goodwill at 1 January 2006 is derecognised with a corresponding adjustment to the opening balance of retained earnings.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

Acquisition of minority interests

Goodwill arising on the acquisition of a minority interest in a subsidiary company represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.



2. Significant accounting policies (Cont'd)

(e) Intangible assets (Cont'd)

(ii) *Deferred expenditure*

Deferred expenditure is stated at cost less accumulated amortisation and accumulated impairment losses, if any.

This comprises expenditure incurred on new models of cars which is amortised over the estimated useful lives of the models concerned.

(f) New planting expenditure and Replanting expenditure/Biological assets

New planting expenditure represents total cost incurred from land clearing to the point of harvesting.

Expenditure on new planting and replanting and upkeep of immature areas are capitalised and amortised over the estimated economic useful lives of the trees. Amortisation is deferred until the planted areas attain maturity and the rate used is 5% per annum.

With effect from 1 January 2006, new planting and replanting expenditure are classified as biological assets on the balance sheet.

(g) Land held for property development

Land held for property development consist of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle of 2 to 3 years. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 1(q).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle of 2 to 3 years.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(h) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties in respect of freehold land are stated at cost and are not depreciated, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 1(c).

In the previous years, all investment properties were included in property, plant and equipment. Following the adoption of FRS 140, Investment Property, these investment properties are now classified separately. Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.



2. Significant accounting policies (Cont'd)

(i) Investments in debt and equity securities

Investments in debt and equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition :

- Investments in non-current unquoted equity securities other than investments in subsidiary companies and associated companies are stated at cost less allowance for diminution in value,
- Investments in non-current quoted equity securities are stated at the lower of cost and market value, determined on a portfolio basis,
- Investments in non-current debt securities are stated at amortised cost using the effective interest method less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current unquoted equity securities and non-current debt securities other than investments in subsidiary companies and associated companies, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(j) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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

(k) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.



2. Significant accounting policies (Cont'd)

(l) Inventories

i) Developed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes land, all direct building costs and appropriate proportions of common costs attributable to developing the properties to completion.

ii) Other inventories

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

Cost of assembled motor vehicles and knocked-down units is determined on specific identification and cost of other inventories is principally determined on a first-in, first-out basis.

Cost in the case of work-in-progress and finished products includes materials, direct labour and an appropriate proportion of fixed and variable production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(n) Share capital

(i) Shares issue expenses

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

(ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

When shares are repurchased and cancelled, the nominal value of the shares repurchased is cancelled by a debit to share capital and an equivalent amount is transferred to capital redemption reserve. The consideration, including any acquisition cost and premium or discount arising from the shares repurchased, is adjusted to share premium or any other suitable reserve.



2. Significant accounting policies (Cont'd)

(o) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(q) Impairment of assets

The carrying amount of assets, other than inventories, deferred tax assets, property development costs and financial assets (other than investments in subsidiary companies and associated companies), are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.



2. Significant accounting policies (Cont'd)

(q) Impairment of assets (Cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

(r) Borrowings

Borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

(s) Employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the Employee's Provident Fund are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(t) Revenue

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Services

Revenue from the rendering of services is recognised when the service is rendered. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.



2. Significant accounting policies (Cont'd)

(t) Revenue (Cont'd)

(iii) *Property development*

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated property development costs.

Where the financial outcome of a property development activities 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 the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in the income statement.

(iv) *Developed properties held for sale*

Revenue relating to sale of developed properties held for sale is recognised net of discounts when risks and rewards have been transferred.

(v) *Rental income*

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(vi) *Dividend income*

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

(u) Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(v) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.



2. Significant accounting policies (Cont'd)

(v) Interest income and borrowing costs (Cont'd)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Borrowing costs incurred on planting expenditure are capitalised. Exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs, are also capitalised.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific planting expenditure, in which case the actual borrowing costs incurred on that borrowing less any investment income on the temporary investment of that borrowing will be capitalised.

(w) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(x) Earnings per stock

The Group presents basic earnings per stock (EPS) data for its ordinary stocks. Basic EPS is calculated by dividing the profit or loss attributable to ordinary stockholders of the Company by the weighted average number of ordinary stocks outstanding during the period.



2. Significant accounting policies (Cont'd)

(y) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Property, plant and equipment

		As at 31 December			
		Cost/ Valuation RM'000	Accumulated depreciation RM'000	Net book value RM'000	Depreciation for the year RM'000
Group					
2006					
Freehold land :					
At valuation	- 1978	15,437	-	15,437	-
At cost		110,165	-	110,165	-
Long term leasehold land :					
At valuation	- 1978	2,054	757	1,297	25
At cost		29,133	3,113	26,020	317
Short term leasehold land :					
At valuation	- 1976	1,374	858	516	19
	- 1978	255	108	147	6
At cost		104,272	27,928	76,344	2,652
Buildings :					
At valuation	- 1976	2,037	2,037	-	-
	- 1978	1,125	603	522	20
At cost		916,262	250,233	666,029	25,484
Assembly plant :					
At valuation	- 1978	1,370	1,370	-	-
At cost		3,460	3,433	27	1
<i>Other assets at cost :</i>					
Freehold land and plantations		27,307	-	27,307	-
Plant and machinery		629,143	399,578	229,565	50,734
Furniture, fixtures, fittings, equipment and vehicles		245,978	176,621	69,357	18,249
Capital work-in-progress		52,233	-	52,233	-
		2,141,605	866,639	1,274,966	97,507



3. Property, plant and equipment (Cont'd)

		As at 31 December				As at 1 January
		Cost/ Valuation RM'000	Accumulated depreciation RM'000	Net book value RM'000	Depreciation for the year RM'000	Net book value RM'000
2005 (Restated)						
Freehold land :						
At valuation	- 1978	15,437	-	15,437	-	15,437
At cost		83,375	-	83,375	-	95,388
Long term leasehold land :						
At valuation	- 1978	2,054	732	1,322	25	1,347
At cost		29,192	2,804	26,388	300	26,697
Short term leasehold land :						
At valuation	- 1976	1,374	839	535	28	563
	- 1978	255	102	153	6	159
At cost		101,940	24,921	77,019	2,474	80,018
Buildings :						
At valuation	- 1976	2,037	2,037	-	51	51
	- 1978	1,125	583	542	21	563
At cost		855,298	225,668	629,630	21,034	657,358
Assembly plant :						
At valuation	- 1978	1,370	1,370	-	12	12
At cost		3,460	3,432	28	14	14
<i>Other assets at cost :</i>						
Freehold land and plantations		27,307	-	27,307	-	27,311
Plant and machinery		611,020	375,097	235,923	44,680	227,444
Furniture, fixtures, fittings, equipment and vehicles		239,913	168,529	71,384	24,872	81,142
Capital work-in-progress		44,081	-	44,081	-	32,723
		2,019,238	806,114	1,213,124	93,517	1,246,227



3. Property, plant and equipment (Cont'd)

Company	As at 31 December			
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Net book value RM'000	Depreciation for the year RM'000
2006				
Freehold land :				
At valuation - 1978	10,519	-	10,519	-
At cost	1,049	-	1,049	-
Buildings :				
At valuation - 1978	788	458	330	16
At cost	175	42	133	4
Other assets at cost :				
Furniture, fixtures, fittings, equipment and vehicles	432	326	106	68
Capital work-in-progress	28	-	28	-
	12,991	826	12,165	88

	As at 31 December				As at 1 January
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Net book value RM'000	Depreciation for the year RM'000	Net book value RM'000
2005 (Restated)					
Freehold land :					
At valuation - 1978	10,519	-	10,519	-	10,519
At cost	1,049	-	1,049	-	1,049
Buildings :					
At valuation - 1978	788	442	346	16	362
At cost	175	38	137	3	140
Other assets at cost :					
Furniture, fixtures, fittings, equipment and vehicles	347	258	89	60	102
Capital work-in-progress	28	-	28	-	28
	12,906	738	12,168	79	12,200

Please refer Notes 3.1 and 3.2 for detailed movement of cost/valuation and accumulated depreciation of property, plant and equipment of the Group and of the Company.



3. Property, plant and equipment (Cont'd)

3.1 Detailed movement in cost/valuation of the Company/Group are as follows:

	At 1 January 2006 RM'000	Additions RM'000	Addition through acquisition of a subsidiary company RM'000	Disposal/ Write-off RM'000	Transfers RM'000	Exchange differences RM'000	At 31 December 2006 RM'000
Held by the Company							
At valuation 1978 :							
Freehold land	10,519	-	-	-	-	-	10,519
Buildings	788	-	-	-	-	-	788
At cost							
Freehold land	1,049	-	-	-	-	-	1,049
Buildings	175	-	-	-	-	-	175
Furniture, fixtures, fittings, equipment and vehicles	347	85	-	-	-	-	432
Capital work-in-progress	28	-	-	-	-	-	28
	12,906	85	-	-	-	-	12,991
Held by the subsidiary companies of the Group							
At valuation 1978 :							
Freehold land	4,918	-	-	-	-	-	4,918
Long term leasehold land	2,054	-	-	-	-	-	2,054
Short term leasehold land	255	-	-	-	-	-	255
Buildings	337	-	-	-	-	-	337
Assembly plant	1,370	-	-	-	-	-	1,370
At valuation 1976 :							
Short term leasehold land	1,374	-	-	-	-	-	1,374
Buildings	2,037	-	-	-	-	-	2,037
At cost							
Freehold land	82,326	21,001	-	-	4,779	1,010	109,116
Long term leasehold land	29,192	-	-	-	-	(59)	29,133
Short term leasehold land	101,940	980	-	-	-	1,352	104,272
Freehold land and plantations	27,307	-	-	-	-	-	27,307
Buildings	855,123	39,429	-	(3,706)	22,980	2,261	916,087
Assembly plant	3,460	-	-	-	-	-	3,460
Plant and machinery	611,020	23,751	-	(26,992)	25,184	(3,820)	629,143
Furniture, fixtures, fittings, equipment and vehicles	239,566	13,299	7	(12,640)	4,205	1,109	245,546
Capital work-in-progress	44,053	65,001	-	(23)	(57,148)	322	52,205
	2,019,238	163,546	7	(43,361)	-	2,175	2,141,605



3. Property, plant and equipment (Cont'd)

	At 1 January 2005 RM'000	Additions RM'000	Addition through acquisition of a subsidiary company RM'000	Deletion through disposal of a subsidiary company RM'000	Disposal/ Write-off RM'000	Transfers RM'000	Exchange differences RM'000	At 31 December 2005 RM'000
Held by the Company								
At valuation 1978 :								
Freehold land	10,519	-	-	-	-	-	-	10,519
Buildings	788	-	-	-	-	-	-	788
At cost								
Freehold land	1,049	-	-	-	-	-	-	1,049
Buildings	175	-	-	-	-	-	-	175
Furniture, fixtures, fittings, equipment and vehicles	300	47	-	-	-	-	-	347
Capital work-in-progress	28	-	-	-	-	-	-	28
	12,859	47	-	-	-	-	-	12,906
Held by the subsidiary companies of the Group								
At valuation 1978 :								
Freehold land	4,918	-	-	-	-	-	-	4,918
Long term leasehold land	2,054	-	-	-	-	-	-	2,054
Short term leasehold land	255	-	-	-	-	-	-	255
Buildings	337	-	-	-	-	-	-	337
Assembly plant	1,370	-	-	-	-	-	-	1,370
At valuation 1976 :								
Short term leasehold land	1,374	-	-	-	-	-	-	1,374
Buildings	2,037	-	-	-	-	-	-	2,037
At cost								
Freehold land	94,339	-	-	(6,920)	(4,611)	22	(504)	82,326
Long term leasehold land	29,204	-	-	-	-	-	(12)	29,192
Short term leasehold land	102,487	-	-	-	-	-	(547)	101,940
Freehold land and plantations	27,311	-	-	-	(4)	-	-	27,307
Buildings	866,074	22,806	1,265	(4,051)	(10,273)	6,933	(27,631)	855,123
Assembly plant	3,432	28	-	-	-	-	-	3,460
Plant and machinery	579,019	49,167	4,711	(1,169)	(14,847)	7,185	(13,046)	611,020
Furniture, fixtures, fittings, equipment and vehicles	240,097	18,398	1,588	(5,552)	(12,986)	1,184	(3,163)	239,566
Capital work-in-progress	32,695	27,621	-	(230)	-	(15,324)	(709)	44,053
	1,999,862	118,067	7,564	(17,922)	(42,721)	-	(45,612)	2,019,328



3. Property, plant and equipment (Cont'd)

3.2 Detailed movement in accumulated depreciation of the Company/Group are as follows:

	At 1 January 2006 RM'000	Depreciation for the year RM'000	Disposal/ Write-off RM'000	Exchange differences RM'000	At 31 December 2006 RM'000
Held by the Company					
At valuation 1978 :					
Buildings	442	16	-	-	458
At cost					
Buildings	38	4	-	-	42
Furniture, fixtures, fittings, equipment and vehicles	258	68	-	-	326
	738	88	-	-	826
Held by the subsidiary companies of the Group					
At valuation 1978 :					
Long term leasehold land	732	25	-	-	757
Short term leasehold land	102	6	-	-	108
Buildings	141	4	-	-	145
Assembly plant	1,370	-	-	-	1,370
At valuation 1976 :					
Short term leasehold land	839	19	-	-	858
Buildings	2,037	-	-	-	2,037
At cost					
Long term leasehold land	2,804	317	-	(8)	3,113
Short term leasehold land	24,921	2,652	-	355	27,928
Buildings	225,630	25,480	(2,235)	1,316	250,191
Assembly plant	3,432	1	-	-	3,433
Plant and machinery	375,097	50,734	(24,940)	(1,313)	399,578
Furniture, fixtures, fittings, equipment and vehicles	168,271	18,181	(10,988)	831	176,295
	806,114	97,507	(38,163)	1,181	866,639



3. Property, plant and equipment (Cont'd)

	At 1 January 2005 RM'000	Depreciation for the year RM'000	Addition through acquisition of a subsidiary company RM'000	Deletion through disposal of a subsidiary company RM'000	Disposal/ Write-off RM'000	Transfers RM'000	Exchange differences RM'000	At 31 December 2005 RM'000
Held by the Company								
At valuation 1978 :								
Buildings	426	16	-	-	-	-	-	442
At cost								
Buildings	35	3	-	-	-	-	-	38
Furniture, fixtures, fittings, equipment and vehicles	198	60	-	-	-	-	-	258
	659	79	-	-	-	-	-	738
Held by the subsidiary companies of the Group								
At valuation 1978 :								
Long term leasehold land	707	25	-	-	-	-	-	732
Short term leasehold land	96	6	-	-	-	-	-	102
Buildings	136	5	-	-	-	-	-	141
Assembly plant	1,358	12	-	-	-	-	-	1,370
At valuation 1976 :								
Short term leasehold land	811	28	-	-	-	-	-	839
Buildings	1,986	51	-	-	-	-	-	2,037
At cost								
Long term leasehold land	2,507	300	-	-	-	-	(3)	2,804
Short term leasehold land	22,469	2,474	-	-	-	-	(22)	24,921
Buildings	208,856	21,031	134	(1,492)	(1,077)	4,095	(5,917)	225,630
Assembly plant	3,418	14	-	-	-	-	-	3,432
Plant and machinery	351,575	44,680	3,965	(868)	(13,143)	(4,095)	(7,017)	375,097
Furniture, fixtures, fittings, equipment and vehicles	159,057	24,812	991	(4,065)	(10,671)	-	(1,853)	168,271
	753,635	93,517	5,090	(6,425)	(24,891)	-	(14,812)	806,114

The property, plant and equipment are shown at Directors' valuation in the years indicated based on the following valuation exercises carried out :

In 1976 - By a firm of professional valuers on a 'replacement cost' basis.
In 1978 - By Government Valuers on an 'open market value' basis.

Subsequent acquisitions are shown at cost while deletions are at valuation or cost as appropriate.

Included in the net book value of the buildings of the Group stated at cost is an amount of RM307,000 (2005 : RM335,000) representing the cost of construction of three units of shop houses on land belonging to a third party.

Certain title deeds to the land and buildings of the Group are in the process of issuance by the relevant authorities.



3. Property, plant and equipment (Cont'd)

Assets under hire purchase and leasing arrangements

Included in the net book value of property, plant and equipment of the Group is an amount of RM1,842,000 (2005 : RM1,263,000) representing assets financed under leasing instalment plans.

Security

Certain freehold land of the Group with net book value of RM19,597,000 (2005 : RM Nil) are pledged to a licensed bank as security for banking facilities granted to a subsidiary of the Company (see Note 18).

The carrying amounts of the revalued assets (under property, plant and equipment) had they been stated at cost less accumulated depreciation are as follows :

	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2006			
At Valuation 1976 :			
<i>Held by the subsidiary companies of the Group</i>			
Short term leasehold land	187	120	67
Buildings	1,713	1,245	468
	1,900	1,365	535
At Valuation 1978 :			
<i>Held by the Company</i>			
Freehold land	865	-	865
Buildings	65	35	30
	930	35	895
<i>Held by the subsidiary companies of the Group</i>			
Freehold land	1,022	-	1,022
Long term leasehold land	1,400	627	773
Short term leasehold land	23	14	9
Buildings	1,687	673	1,014
Assembly plant	691	691	-
	4,823	2,005	2,818
	7,653	3,405	4,248



3. Property, plant and equipment (Cont'd)

	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2005			
At Valuation 1976 :			
<i>Held by the subsidiary companies of the Group</i>			
Short term leasehold land	187	116	71
Buildings	1,713	1,220	493
	1,900	1,336	564
At Valuation 1978 :			
<i>Held by the Company</i>			
Freehold land	865	-	865
Buildings	65	34	31
	930	34	896
<i>Held by the subsidiary companies of the Group</i>			
Freehold land	1,022	-	1,022
Long term leasehold land	1,400	622	778
Short term leasehold land	23	13	10
Buildings	1,687	670	1,017
Assembly plant	691	691	-
	4,823	1,996	2,827
	7,653	3,366	4,287

4. Intangible assets - Group

	Note	Goodwill RM'000	Deferred expenditure RM'000	Total RM'000
Cost				
At 1 January 2005		26,003	18,271	44,274
Additions during the year		-	938	938
At 31 December 2005		26,003	19,209	45,212
Additions during the year		872	6,392	7,264
Write off during the year		-	(17,414)	(17,414)
Liquidation of a subsidiary		(200)	-	(200)
Effect of movement in exchange rate		-	(33)	(33)
At 31 December 2006		26,675	8,154	34,829



4. Intangible assets - Group (Cont'd)

	Note	Goodwill RM'000	Deferred expenditure RM'000	Total RM'000
Amortisation				
At 1 January 2005		-	12,386	12,386
Amortisation during the year	20	-	4,922	4,922
Write-off during the year	20	-	336	336
At 31 December 2005		-	17,644	17,644
Amortisation during the year	20	-	1,066	1,066
Write-off during the year		-	(16,812)	(16,812)
Effect of movement in exchange rate		-	(28)	(28)
At 31 December 2006		-	1,870	1,870
Carrying amounts				
At 1 January 2005		26,003	5,885	31,888
At 31 December 2005/1 January 2006		26,003	1,565	27,568
At 31 December 2006		26,675	6,284	32,959

5. Biological assets

	Group	
	2006 RM	2005 RM (Restated)
Cost		
Balance at 1 January	220,102	222,858
Additions during the year	9,292	10,643
Write-off	-	(11)
Effect of movement in exchange rate	(6,639)	(13,388)
Balance at 31 December	222,755	220,102
Accumulated amortisation		
Balance at 1 January	56,974	48,079
Amortisation charge for the year (Note 20)	10,710	10,839
Write-off	-	(3)
Effect of movement in exchange rate	(1,465)	(1,941)
Balance at 31 December	66,219	56,974
	156,536	163,128



5. Biological assets (Cont'd)

Additions to biological assets during the year include :

	Group	
	2006	2005
	RM'000	RM'000
- Interest expense	<u>210</u>	<u>1,654</u>

Interest is capitalised under biological assets at average rate of 3.50% to 6.82% (2005 : 3.50% to 6.82%) per annum.

6. Land held for property development

	Group	
	2006	2005
	RM'000	RM'000
Balance at 1 January	56,242	55,368
Add : Additions during the year	1,167	888
Less : Transfer to property development costs (Note 12)	-	(14)
Balance at 31 December *	<u>57,409</u>	<u>56,242</u>
* This amount comprises :		
At valuation (1978)		
Freehold land	1,751	1,751
At cost		
Freehold land	43,991	43,991
Other outgoings	11,667	10,500
	<u>57,409</u>	<u>56,242</u>

The freehold land is shown at Directors' valuation based on a valuation exercise carried out by Government Valuers on an 'open market value' basis in 1978.

The carrying amount of the revalued land had it been stated at cost is RM1,257,000 (2005 : RM1,257,000).

Included in other outgoings is land premium of RM5,625,000 (2005 : RM5,625,000) representing payment made pursuant to a conditional agreement entered into between the State Government of Malacca and one of the subsidiary companies, Ultra Green Sdn Bhd ("UGSB"), whereby UGSB has been granted exclusive right to reclaim and develop approximately 1,125 acres of foreshore land. The approval from the State Government of Malacca includes the granting of leasehold tenancy for a period of 99 years and the entitlement of the State Government of Malacca, after reclamation, to one-sixth of the total net saleable area or one-sixth of the paid up capital of UGSB in lieu thereof.

As at the date of these financial statements, UGSB has commenced the reclamation works after obtaining the approval from the Department of Environment Melaka.



7. Investment properties

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Cost				
At 1 January	62,223	-	3,834	-
Effect of adopting FRS 140	-	62,223	-	3,834
At 1 January, restated	62,223	62,223	3,834	3,834
Disposal	(260)	-	-	-
At 31 December	61,963	62,223	3,834	3,834
Depreciation				
At 1 January	424	-	-	-
Effect of adopting FRS 140	-	275	-	-
At 1 January, restated	424	275	-	-
Additions	149	149	-	-
At 31 December	573	424	-	-
Carrying amount				
At 31 December	61,390	61,799	3,834	3,834
Included in the above are :				
Freehold land	54,500	54,760	3,834	3,834
Buildings	6,890	7,039	-	-
	61,390	61,799	3,834	3,834



7. Investment properties (Cont'd)

Investment properties comprise a number of commercial properties and vacant land that are leased to third parties or held for capital appreciation. The Directors estimate that the fair value of the investment properties are as follows :

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
	million	million	million	million
		(Restated)		(Restated)
Freehold land	124.7	124.7	21.3	21.3
Buildings	17.9	17.9	-	-
	<u>142.6</u>	<u>142.6</u>	<u>21.3</u>	<u>21.3</u>

8. Investments in subsidiary companies

	Company	
	2006	2005
	RM'000	RM'000
		(Restated)
Unquoted shares, at cost	<u>391,919</u>	<u>391,919</u>

During the financial year,

- i) Simen Utara Sdn. Bhd., a 91% owned subsidiary of the Company, acquired 875,000 ordinary shares of RM1.00 each, representing 25% of the total issued and paid-up share capital in Unique Pave Sdn. Bhd. ("U Pave"), at a cash consideration of RM1,531,250 from Ultra Bina Sdn. Bhd. Upon completion of the said acquisition on 12 January 2006, Simen Utara Sdn. Bhd.'s equity interest in U Pave increased to 82.3%.
- ii) Unique Mix (Penang) Sdn. Bhd. ("U Mix"), a 70% subsidiary of Simen Utara Sdn. Bhd. ("SU"), which in turn is a 91% subsidiary of Kwong Wah Enterprise Sdn. Bhd. ("KWE"), a wholly-owned subsidiary of OHB, acquired 126,000 ordinary shares of RM1.00 each, representing 42% of the total issued and paid-up share capital in Konkrit Utara Sdn. Bhd. ("K Utara") at a cash consideration of RM1.00 each from Ong Seng Choo Sdn. Bhd. Upon completion of the said acquisition on 19 September 2006, U Mix owned 93% in K Utara.
- iii) Teck See Plastic Sdn. Bhd. ("TSP"), a 60% subsidiary of OHB, acquired 2,000,000 ordinary shares of RM1.00 each, representing 25% of the total issued and paid-up share capital in Oriental Nichinan Design Engineering Sdn. Bhd. ("ONDE"), a 70% subsidiary of OHB at a cash consideration of RM1,317,500. Upon completion of the said acquisition on 2 November 2006, OHB held directly 70% in ONDE and indirectly 25% via TSP.

Details of the subsidiary companies are listed under Note 32.



9. Investments in associated companies

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	60,999	60,999	31,201	31,201
Share of post-acquisition reserves	122,625	122,608	-	-
	<u>183,624</u>	<u>183,607</u>	<u>31,201</u>	<u>31,201</u>
Less : Impairment losses	-	-	(10,000)	(10,000)
	<u>183,624</u>	<u>183,607</u>	<u>21,201</u>	<u>21,201</u>
* This is represented by :				
Share of net assets	179,245	179,228		
Goodwill	4,379	4,379		
	<u>183,624</u>	<u>183,607</u>		

List of associated companies :

	Group's Effective Interest		Principal Activities
	2006	2005	
	%	%	
Incorporated in Malaysia :			
Chainferry Development Sdn. Berhad	32.8	32.8	Property development
Penang Wellesley Realty Sdn. Berhad	39.8	39.8	Property development
Southern Perak Plantations Sdn. Berhad	39.5	39.5	Production and sale of oil palm fruits, palm oil and kernel
Penang Amusements Co. Sdn. Bhd.	25.0	25.0	Operation of a bowling alley
Honda Autoparts Manufacturing (M) Sdn. Bhd.	49.0	49.0	Manufacturing and sale of motor vehicle parts
Hicom Teck See Manufacturing Malaysia Sdn Bhd	29.4	29.4	Manufacture of thermo plastic and thermo setting products
Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	30.0	30.0	Sale of construction machinery, attachments and spare parts and renting of machinery
Incorporated in Singapore :			
Singapore Safety Driving Centre Ltd	27.5	27.5	Operation of a driving school
B.S. Kah Pte. Ltd	40.0	40.0	Property management
Bukit Batok Driving Centre Ltd	21.9	21.9	Operation of a driving school

The accounting year end of all the associated companies is 31 December except for Hicom Teck See Manufacturing Malaysia Sdn Bhd and Honda Autoparts Manufacturing (M) Sdn. Bhd. whose accounting years end on 31 March.



9. Investments in associated companies (Cont'd)

Summary financial information on associated companies :

Group	Revenues (100%) RM'000	Profit/(Loss) for the year (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2006				
Chainferry Development Sdn. Berhad	918	(456)	49,229	791
Penang Wellesley Realty Sdn. Berhad	-	322	9,495	225
Southern Perak Plantations Sdn. Berhad	29,237	4,819	89,986	19,543
Penang Amusements Co. Sdn. Bhd.	465	43	2,389	329
Honda Autoparts Manufacturing (M) Sdn. Bhd.	62,897	6,454	91,971	8,646
Hicom Teck See Manufacturing Malaysia Sdn Bhd	194,690	751	151,548	49,214
Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	184,588	14,216	117,838	51,370
Singapore Safety Driving Centre Ltd	56,114	8,153	98,232	14,097
B.S. Kah Pte. Ltd	806	14	2,961	1,070
Bukit Batok Driving Centre Ltd	62,456	13,795	107,200	31,392
	592,171	48,111	720,849	176,677
2005				
Chainferry Development Sdn. Berhad	1,783	(150)	51,505	823
Penang Wellesley Realty Sdn. Berhad	1,587	1,585	9,771	215
Southern Perak Plantations Sdn. Berhad	25,619	3,068	88,876	19,652
Penang Amusements Co. Sdn. Bhd.	405	(46)	2,463	267
Honda Autoparts Manufacturing (M) Sdn. Bhd.	78,408	11,196	104,024	11,401
Hicom Teck See Manufacturing Malaysia Sdn Bhd	222,082	4,561	179,583	72,365
Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	146,805	9,732	103,540	49,028
Singapore Safety Driving Centre Ltd	54,215	(30,821)	94,928	15,388
B.S. Kah Pte. Ltd	802	6	2,743	906
Bukit Batok Driving Centre Ltd	68,626	13,795	99,213	30,434
	600,332	12,926	736,646	200,479



10. Other investments, at cost

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Quoted shares				
- in Malaysia	7,619	7,436	-	-
- outside Malaysia	38,318	31,450	-	-
Quoted bonds	103,173	83,668	-	-
Quoted unit trusts and REITS	9,827	9,585	-	-
	<u>158,937</u>	<u>132,139</u>	<u>-</u>	<u>-</u>
Unquoted shares	28,252	28,316	33,113	33,113
Unquoted bonds	19,067	20,003	-	-
Others	1,101	1,447	-	-
	<u>207,357</u>	<u>181,905</u>	<u>33,113</u>	<u>33,113</u>
Market value of :				
- Quoted shares	92,562	62,446	-	-
- Quoted bonds	103,678	83,629	-	-
- Quoted unit trusts and REITS	11,249	10,008	-	-
	<u>207,489</u>	<u>156,083</u>	<u>-</u>	<u>-</u>

Details of disposed investments stated at cost are as follows :

	Group	
	2006	2005
	RM'000	RM'000
Proceeds from disposal	26,767	47,955
Carrying amount of investments disposed	(27,054)	(47,420)
(Loss)/Gain on disposal of investments (Note 20)	<u>(287)</u>	<u>535</u>

11. Deferred tax assets

The recognised deferred tax assets are in respect of the following :

	Group	
	2006	2005
	RM'000	RM'000
Property, plant and equipment		
- capital allowances	1,849	(89)
Provisions	1,376	1,073
Unutilised capital allowances	1,844	4,285
Unutilised tax losses	2,524	2,030
	<u>7,593</u>	<u>7,299</u>



11. Deferred tax assets (Cont'd)

In recognising the deferred tax assets attributable to unutilised tax losses and unutilised capital allowances, the Directors made an assumption that there will not be any substantial change (more than 50%) in the shareholders before these assets are utilised. If there is substantial change in the shareholders, unutilised tax losses and unutilised capital allowances will not be available to the Group, resulting in an increase in net deferred tax liabilities of RM4,368,000.

The movements of deferred tax assets during the financial year are disclosed in Note 17.

No deferred tax has been recognised in respect of the following items as it is not probable that future taxable profit will be available against which the Group can utilise the benefits :

	Group	
	2006	2005
	RM'000	RM'000
Taxable temporary differences	(9,449)	(9,051)
Unutilised capital allowances	15,151	9,754
Unutilised tax losses	11,034	16,571
Unutilised tax credits	2,500	4,011
	19,236	21,285

Unutilised tax credits do not expire under the Malaysian tax legislation. Deferred tax assets have not been recognised in respect of unutilised tax losses, unutilised capital allowances and unutilised tax credits because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from. Unutilised tax losses and unutilised capital allowances will not be available to the Group if there is substantial change in shareholders (more than 50%).

12. Property development costs

	Group	
	2006	2005
	RM'000	RM'000
Balance at 1 January	9,330	8,600
Add : Development costs incurred during the year	1,011	4,636
Transfer from land held for property development (Note 6)	-	14
	10,341	13,250
Less : Cost charged to income statement	(2,253)	(3,920)
Transfer to inventories	(5,882)	-
Balance at 31 December *	2,206	9,330
* This amount comprises :		
Freehold land, at cost	329	2,957
Development costs	1,877	6,373
	2,206	9,330



13. Receivables, deposits and prepayments

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Trade				
Amount due :				
- within 1 year	386,673	307,756	-	-
- after 1 year	1,641	1,385	-	-
	388,314	309,141	-	-
Allowance for doubtful debts	(6,777)	(6,464)	-	-
Unearned income	(1,080)	(1,213)	-	-
	(7,857)	(7,677)	-	-
	380,457	301,464	-	-
Non-trade				
Amount due from subsidiary companies	-	-	367,386	364,579
Amount due from associated companies	4,191	3,548	-	-
Other receivables	29,713	19,267	-	-
Deposits	53,460	46,936	11	11
Prepayments	14,725	12,277	-	-
	102,089	82,028	367,397	364,590
	482,546	383,492	367,397	364,590

Trade receivables denominated in currencies other than the functional currency are as follows :

- RM5,697,000 (2005 : RM11,827,000) denominated in US Dollars
- RM7,543,000 (2005 : RM153,000) denominated in Singapore Dollars
- RM4,296,000 (2005 : RM Nil) denominated in Japanese Yen
- RM3,300,000 (2005 : RM Nil) denominated in Thai Baht

The receivables due from subsidiary companies and associated companies are unsecured, interest-free and repayable on demand, except for an amount of RM132,661,701 (2005 : RM132,667,699) due from subsidiary companies that is subject to interest at the rate of 5.72% (2005 : 4.56%) per annum.

14. Inventories

	Group	
	2006	2005
	RM'000	RM'000
Developed properties held for sale	8,401	2,016
Finished products		
Manufactured goods	42,491	43,754
Assembled motor vehicles	196,458	167,789
Trading inventories	12,735	11,246
	251,684	222,789



14. Inventories (Cont'd)

	Group	
	2006	2005
	RM'000	RM'000
Work-in-progress	19,709	14,720
Raw materials	63,544	59,929
Knocked-down units	31,840	21,995
Consumable stores and spares	30,335	41,368
Hotel stocks	2,708	2,922
	<u>408,221</u>	<u>365,739</u>

Included in the above are certain inventories carried at net realisable value :

	Group	
	2006	2005
	RM'000	RM'000
Manufactured goods	16,453	5,731
Consumable stores and spares	-	1,808
Trading inventories	27	26
	<u>16,480</u>	<u>7,565</u>

15. Cash and cash equivalents

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Fixed deposits :				
With licensed banks	1,085,736	919,469	21,296	13,484
With licensed finance companies	69,883	104,822	-	-
	<u>1,155,619</u>	<u>1,024,291</u>	<u>21,296</u>	<u>13,484</u>
Cash and bank balances	154,460	163,355	947	824
	<u>1,310,079</u>	<u>1,187,646</u>	<u>22,243</u>	<u>14,308</u>

Included in the fixed deposits of the Group is an amount of RM22,997,000 (2005 : RM27,058,000) which is pledged for banking/financing facilities granted to certain subsidiary companies (see Note 18).

Included in cash and bank balances of the Group is an amount of RM434,000 (2005 : RM2,034,000), the utilisation of which is subject to the Housing Development (Housing Development Account) (Amendments) Regulations 2002.

Cash and cash equivalents denominated in currencies other than the functional currency are as follows :

- RM51,594,000 (2005 : RM13,114,000) denominated in US Dollar
- RM3,887,000 (2005 : RM Nil) denominated in Japanese Yen



16. Capital and reserves

Reconciliation of movement in capital and reserves

Group	Attributable to stockholders of the Company										Total RM'000	Minority interests RM'000	Total equity RM'000
	Non-distributable					Distributable							
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Translation reserve RM'000	Capital redemption reserve RM'000	Asset revaluation reserve RM'000	Consolidation reserve RM'000	Treasury stocks RM'000	Retained earnings RM'000	Capital reserve RM'000			
At 1 January 2005, restated	517,000	1,099	1,073	321,104	68	474	8,670	(249)	1,812,830	40,237	2,702,306	279,616	2,981,922
Foreign exchange translation differences	-	-	-	(37,157)	-	-	-	-	-	-	(37,157)	-	(37,157)
Net gains recognised directly in equity	-	-	-	(37,157)	-	-	-	-	-	-	(37,157)	-	(37,157)
Profit for the year	-	-	-	-	-	-	-	-	234,209	-	234,209	36,379	270,588
Total recognised income and expense for the year	-	-	-	(37,157)	-	-	-	-	234,209	-	197,052	36,379	233,431
Acquisition of minority interests	-	-	-	-	-	-	-	-	-	-	-	2,059	2,059
Dilution of minority interests	-	-	-	-	-	-	-	-	-	-	-	(18,918)	(18,918)
Disposal of minority interests	-	-	-	-	-	-	-	-	-	-	-	(16,623)	(16,623)
Dividends to stockholders (Note 24)	-	-	-	-	-	-	-	-	(76,305)	-	(76,305)	-	(76,305)
Dividends to minority interests	-	-	-	-	-	-	-	-	-	-	-	(4,752)	(4,752)
At 31 December 2005, restated	517,000	1,099	1,073	283,947	68	474	8,670	(249)	1,970,734	40,237	2,823,053	277,761	3,100,814



16. Capital and reserves (Cont'd)

Reconciliation of movement in capital and reserves (Cont'd)

Group	Attributable to stockholders of the Company										Total RM'000	Minority interests RM'000	Total equity RM'000
	Non-distributable					Distributable							
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Translation reserve RM'000	Capital redemption reserve RM'000	Asset revaluation reserve RM'000	Consolidation reserve RM'000	Treasury stocks RM'000	Retained earnings RM'000	Capital reserve RM'000			
At 31 December 2005, before opening balance adjustment	517,000	1,099	1,073	283,947	68	474	8,670	(249)	1,970,734	40,237	2,823,053	277,761	3,100,814
- Effect of adopting FRS 3	-	-	-	-	-	-	(8,670)	-	8,670	-	-	-	-
At 1 January 2006, restated	517,000	1,099	1,073	283,947	68	474	-	(249)	1,979,404	40,237	2,823,053	277,761	3,100,814
Foreign exchange translation differences	-	-	-	18,291	-	-	-	-	-	-	18,291	-	18,291
Net gains recognised directly in equity	-	-	-	18,291	-	-	-	-	-	-	18,291	-	18,291
Profit for the year	-	-	-	-	-	-	-	-	305,251	-	305,251	28,831	334,082
Total recognised income and expense for the year	-	-	-	18,291	-	-	-	-	305,251	-	323,542	28,831	352,373
Dividends to stockholders	-	-	-	-	-	-	-	-	(75,891)	-	(75,891)	-	(75,891)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(959)	(959)
Dividends to minority interests	-	-	-	-	-	-	-	-	-	-	-	(5,819)	(5,819)
At 31 December 2006	517,000	1,099	1,073	302,238	68	474	-	(249)	2,208,764	40,237	3,070,704	299,814	3,370,518



16. Capital and reserves (Cont'd)

Reconciliation of movement in capital and reserves (Cont'd)

Company	Note	Non-distributable			Distributable		Total RM'000
		Share capital RM'000	Capital redemption reserve RM'000	Treasury stocks RM'000	Retained earnings RM'000	Capital reserve RM'000	
At 1 January 2005							
As previously reported		517,000	68	(249)	305,621	29,992	852,432
Change in accounting policy	33	-	-	-	(20,523)	-	(20,523)
As retated		517,000	68	(249)	285,098	29,992	831,909
Profit for the year		-	-	-	56,186	-	56,186
Dividends to stockholders	24	-	-	-	(76,305)	-	(76,305)
At 31 December 2005, restated		517,000	68	(249)	264,979	29,992	811,790
Profit for the year		-	-	-	81,384	-	81,384
Dividends to stockholders	24	-	-	-	(75,891)	-	(75,891)
At 31 December 2006		517,000	68	(249)	270,472	29,992	817,283



16. Capital and reserves (Cont'd)

Share capital

	Group/Company	
	2006	2005
	RM'000	RM'000
Authorised :		
1,000,000,000 stocks of RM1 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid :		
517,000,000 stocks of RM1 each	<u>517,000</u>	<u>517,000</u>

Capital reserve

The capital reserve comprises :

- a) surplus on sale of land and building and long term investments; and
- b) reserve fund provided at 10% of net profit of a subsidiary in China.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of property, plant and equipment.

Treasury stocks

In year 2000, the Company purchased 100,000 of its issued stocks from the open market. The average price paid for the stocks purchased was RM7.84 per stock. The repurchased stocks are held as treasury stocks and carried at cost.

On 2 March 2001, 68,192 of the treasury stocks were cancelled which reduced the issued capital of the Company to 517,000,000 stocks of RM1 each and an amount equivalent to their nominal value was transferred to Capital Redemption Reserve. Treasury stocks have no rights to voting, dividends and participation in other distribution.

Minority interests

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries, net of their share of subsidiary companies' goodwill on consolidation.



17. Deferred liabilities

	Group	
	2006 RM'000	2005 RM'000
Deferred tax liabilities	22,291	16,663
Lease obligations		
Total amount payable	1,626	1,018
Portion payable within 12 months included under Borrowings (Note 18)	(489)	(293)
Amount payable after 12 months	1,137	725
	23,428	17,388

The recognised deferred tax liabilities for the Group are in respect of the following :

	Group	
	2006 RM'000	2005 RM'000
Property, plant and equipment - capital allowances	15,933	10,722
- revaluation	320	326
Biological assets - capital allowances	6,761	6,565
Unabsorbed capital allowances	-	(8)
Other deductible temporary differences	(723)	(942)
	22,291	16,663



17. Deferred liabilities (Cont'd)

The components and movements of deferred tax (assets)/liabilities are as follows :

	At 1 January 2005 RM'000	Effect of movement in exchange rate RM'000	Recognised in the income statement RM'000	Acquired in business combination RM'000	Deletion through disposal of a subsidiary RM'000	At 31 December 2005 RM'000	Effect of movement in exchange rate RM'000	Recognised in the income statement RM'000	Acquired in business combination RM'000	At 31 December 2006 RM'000
Deferred tax liabilities										
Property, plant and equipment										
- capital allowances	14,444	(14)	(3,836)	128	-	10,722	18	5,187	6	15,933
- revaluation	326	-	-	-	-	326	-	(6)	-	320
Biological assets										
- capital allowances	5,369	42	1,154	-	-	6,565	(29)	225	-	6,761
Other items	(572)	-	(378)	-	-	(950)	-	227	-	(723)
	19,567	28	(3,060)	128	-	16,663	(11)	5,633	6	22,291
Deferred tax assets										
Property, plant and equipment										
- capital allowances	27	-	(379)	-	441	89	(33)	(1,905)	-	(1,849)
- revaluation	(2,587)	-	1,514	-	-	(1,073)	-	(303)	-	(1,376)
Other items	(5,925)	-	(876)	-	486	(6,315)	-	1,947	-	(4,368)
	(8,485)	-	259	-	927	(7,299)	(33)	(261)	-	(7,593)
	11,082	28	(2,801)	128	927	9,364	(44)	5,372	6	14,698



18. Borrowings

This note provides information about the contractual terms of the Group's interest-bearing borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 29.

	Group	
	2006	2005
	RM'000	RM'000
Current		
Secured :		
Bank overdrafts	459	-
Other bank borrowings	16,546	20,709
	<u>17,005</u>	<u>20,709</u>
Unsecured :		
Bank overdrafts	3,686	5,523
Other bank borrowings	326,727	296,165
Lease obligations (Note 17)	489	293
	<u>330,902</u>	<u>301,981</u>
	<u><u>347,907</u></u>	<u><u>322,690</u></u>
Non-current		
Secured :		
Other bank borrowings	<u>17,424</u>	<u>-</u>

The bank borrowings carry interest at rates which vary according to prevailing base lending rates.

The secured bank borrowings are secured by way of charge over certain property of the Group (see Note 3) and fixed deposit pledged (see Note 15).

19. Payables and accruals

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Trade				
Trade payables	199,036	214,199	-	-
Non-trade				
Amount due to associated companies	213	77	-	-
Amount due to subsidiary companies	-	-	438	586
Other payables	70,364	62,186	144	154
Accrued expenses	69,426	61,390	665	619
	<u>140,003</u>	<u>123,653</u>	<u>1,247</u>	<u>1,359</u>
	<u><u>339,039</u></u>	<u><u>337,852</u></u>	<u><u>1,247</u></u>	<u><u>1,359</u></u>



19. Payables and accruals (Cont'd)

Trade payables denominated in currencies other than the functional currency are as follows :

- RM25,582,000 (2005 : RM27,264,000) denominated in US Dollars
- RM219,000 (2005 : RM99,000) denominated in Singapore Dollars
- RM2,560,000 (2005 : RM4,441,000) denominated in Japanese Yen

The amount due to associated companies and subsidiary companies are unsecured, interest-free and repayable on demand.

20. Operating profit

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Revenue				
- Sale of goods and services	3,897,501	4,165,880	126	101
- Interest income	43,143	27,552	8,108	5,620
- Rental income	5,556	4,689	447	227
- Dividend income	13,454	8,960	95,881	56,026
- Commission income	-	-	48	44
	<u>3,959,654</u>	<u>4,207,081</u>	<u>104,610</u>	<u>62,018</u>

This has been arrived at

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
After charging :				
Allowance for diminution in value of long term investments	-	1,395	-	-
Amortisation of biological assets (Note 5)	10,710	10,839	-	-
Auditors' remuneration				
- <i>current year</i>				-
- Audit services				
• Auditors of the Company	514	551	9	9
• Other auditors	474	548	-	-
- Other services by auditors of the Company	488	402	63	21
- <i>prior year</i>				
- Audit services				
• Auditors of the Company	(39)	3	-	-
• Other auditors	1	-	-	-
- Other services by auditors of the Company	34	32	-	-
Bad and doubtful debts	141	1,262	-	-
Biological assets written off (Note 5)	-	8	-	-
Deferred expenditure (Note 4)				
- Amortisation	1,066	4,922	-	-
- Write off	602	336	-	-



20. Operating profit (Cont'd)

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Depreciation				
- property, plant and equipment (Note 3)	97,507	93,517	88	79
- investment properties (Note 7)	149	149	-	-
Directors' emoluments				
Directors of the Company				
- Fees	1,108	1,069	540	540
- Others	5,659	5,296	51	45
- Benefits-in-kind	30	26	-	-
Directors of subsidiary companies				
- Fees	1,275	1,068	-	-
- Others	6,581	6,778	-	-
- Benefits-in-kind	78	84	-	-
Past Directors				
- Others	-	56	-	-
- Benefits-in-kind	-	1	-	-
Direct operating expenses of investment properties				
- Did not generate rental income	99	140	30	29
- Generated rental income	364	312	-	-
Hire of equipment	2,194	1,702	-	-
Interest expense on :				
- Bank overdraft	184	1,342	-	-
- Other bank borrowings	10,221	7,714	-	-
Loss on disposal of investments (Note 10)	287	-	-	-
Loss on disposal of property, plant and equipment	-	2,333	-	-
Plant and equipment written off	299	23	-	-
Realised loss on foreign exchange	-	-	1	1
Rental of land and buildings	5,862	5,931	-	-
Write down of inventories	1,030	869	-	-
And crediting :				
Dividends (gross) received from:				
Unquoted investments	10,924	6,485	10,343	7,338
Unquoted subsidiary companies	-	-	75,866	33,455
Unquoted associated companies	-	-	9,672	15,233
Investments quoted in Malaysia	505	267	-	-
Investments quoted outside Malaysia	2,025	2,208	-	-
Gain on disposal of investments (Note 10)	-	535	-	7,645
Gain on disposal of				
- property, plant and equipment	894	-	-	67
- investment properties	83	-	-	-
Interest received from subsidiary companies	-	-	7,583	5,372
Other interest income	43,143	27,552	525	248
Realised gain on foreign exchange	1,958	1,166	-	-
Rental income	5,500	4,689	447	227
Reversal of allowance for doubtful debts	47	-	-	-
Unrealised gain on foreign exchange	14,647	6,562	-	-



21. Employee information

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Staff costs	279,995	276,549	1,018	911

Included in staff costs of the Group and of the Company is an amount of RM19,429,000 (2005 : RM19,308,000) and RM139,955 (2005 : RM126,000) respectively representing contributions made to Employee Provident Fund.

22. Tax expense

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Recognised in the income statement				
Tax expense on continuing operations	101,234	62,217	20,648	11,000
Share of tax of equity accounted associated companies	3,422	4,411	-	-
	104,656	66,628	20,648	11,000

Major components of tax expense include :

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000 (Restated)	RM'000	RM'000
Current tax expense				
Malaysian - <i>current year</i>	19,328	18,750	7,366	11,000
- <i>prior years</i>	(5,014)	(4,435)	(697)	-
	14,314	14,315	6,669	11,000
Overseas - <i>current year</i>	75,726	50,703	8,157	-
- <i>prior years</i>	5,822	-	5,822	-
	81,548	50,703	13,979	-
Total current tax recognised in the income statement	95,862	65,018	20,648	11,000
Deferred tax expense				
Origination and reversal of temporary differences	1,119	(3,018)	-	-
Prior year	4,253	217	-	-
Total deferred tax recognised in the income statement	5,372	(2,801)	-	-
Share of tax of equity accounted associated companies	3,422	4,411	-	-
Total tax expense	104,656	66,628	20,648	11,000



22. Tax expense (Cont'd)

Reconciliation of effective tax expense

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000 (Restated)	RM'000	RM'000
Profit for the year	334,082	270,588	81,384	56,186
Total tax expense	104,656	66,628	20,648	11,000
Profit excluding tax	<u>438,738</u>	<u>337,216</u>	<u>102,032</u>	<u>67,186</u>
Tax calculated using Malaysian tax rate at 28% (2005 : 28%)	122,847	94,420	28,569	18,812
Effect of tax rates in foreign jurisdictions	(21,268)	(11,069)	(3,263)	-
Non-deductible expenses	8,425	4,908	8	12
Income not subject to tax	(7,069)	(8,855)	(9,815)	(7,930)
Tax incentives	(3,789)	(5,030)	-	-
Deferred tax assets not recognised	98	251	-	-
Recognition of previously unrecognised deferred tax asset	(1,004)	(1,515)	-	-
Losses not available for set-off	496	2	-	-
Others	859	(2,266)	24	106
Under/(Over) provided in prior years	5,061	(4,218)	5,125	-
	<u>104,656</u>	<u>66,628</u>	<u>20,648</u>	<u>11,000</u>

Company

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credits and exempt income to frank/distribute dividends out of all its distributable reserves at balance sheet date.

23. Basic earnings per ordinary stock

The basic earnings per ordinary stock have been calculated based on the net profit for the year attributable to the stockholders of the Company and the number of stocks in issue of 516,968,192 (2005 : 516,968,192), after deducting the Treasury Stocks of 31,808 (2005 : 31,808).



24. Dividends

	Group/Company	
	2006	2005
	RM'000	RM'000
Interim declared/paid :		
2006 : Interim dividend of 10% less 27% tax (2005 : 10% less 28% tax)	37,739	37,222
Final paid - 2005		
Final dividend of 10.25% (2004 : 8%) less 28% tax	38,152	29,778
Special dividend of Nil (2004 : 2.5%) less 28% tax	-	9,305
	38,152	39,083
	75,891	76,305

The Directors proposed a final dividend of 10% less 27% tax and a special dividend of 3% less 27% tax, totalling RM49,060,282 in respect of the year ended 31 December 2006, subject to the approval of the stockholders at the forthcoming Annual General Meeting. The financial statements do not reflect this proposed final dividend, which will be accounted for as an appropriation of retained profits in the year ending 31 December 2007.

The gross dividends per ordinary stock as disclosed in the Income Statements take into account the total interim and final dividend for the financial year.

25. Commitments

	Group	
	2006	2005
	RM'000	RM'000
(i) Non-cancellable operating lease commitments		
Within 1 year	1,384	1,874
Between 1 to 5 years	3,547	3,961
Above 5 years	3,117	3,928
	8,048	9,763
(ii) Capital expenditure		
- approved but not contracted for	86,827	96,522
- contracted but not provided for and payable within one year	48,161	40,646
	134,988	137,168



26. Segmental reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments :

<i>Automotive and related products</i>	Retailer, assembly and distributor of motor vehicles; manufacture of engines, seats and other related parts as well as traders of spare parts, accessories and related component parts
<i>Plastic products</i>	Manufacture, assembly and distribution of plastic component parts; manufacture of plastic technical and industrial goods and equipment
<i>Hotels and resorts</i>	Hotelier
<i>Investment holding and financial services</i>	Investment in shares and bonds, letting of properties and leasing companies
<i>Plantation</i>	Cultivation of oil palm
<i>Others including property development</i>	<ul style="list-style-type: none">a) Development of residential and commercial properties;b) provision of management, marketing, advertisement and central reservation services;c) freight forwarding, shipping agents and commission agents;d) manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials;e) distributor of cement and manufacturer and dealer of concrete products

Geographical segments

The Group's business is mainly carried out in two geographical areas, Malaysia and Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.



26. Segmental reporting (Cont'd)

Business segments

	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding and financial services RM'000	Others including property development RM'000	Elimination RM'000	Consolidated RM'000
2006								
Revenue from external customers	2,837,252	494,527	170,921	181,527	12,647	262,780	-	3,959,654
Inter-segment revenue	873	1,807	-	-	1,379	36,010	(40,069)	-
Total revenue	2,838,125	496,334	170,921	181,527	14,026	298,790	(40,069)	3,959,654
Segment results	265,999	17,870	19,533	77,650	40,510	8,390	(955)	428,997
Interest expense								(10,405)
Share of profit after tax and minority interest of equity accounted associated companies								16,724
Profit before tax								435,316
Tax expense								(101,234)
Profit for the year								334,082
Segment assets	2,178,217	550,943	494,277	449,239	119,505	201,488	-	3,993,669
Investment in associated companies								183,624
Unallocated assets								7,593
Total assets								4,184,886
Segment liabilities	141,667	114,683	43,675	12,232	1,976	24,806	-	339,039
Unallocated liabilities								475,329
Total liabilities								814,368
Capital expenditure (including biological assets)	62,458	35,135	57,913	15,113	88	2,131	-	172,838
Depreciation and amortisation	31,053	31,534	23,018	20,318	90	3,419	-	109,432
Non-cash expenses other than depreciation and amortisation	2,711	33	1,105	416	1	3,425	-	7,691



26. Segmental reporting (Cont'd)

	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding and financial services RM'000	Others including property development RM'000	Elimination RM'000	Consolidated RM'000 (Restated)
2005								
Revenue from external customers	3,030,600	529,664	179,474	170,071	42,344	254,928	-	4,207,081
Inter-segment revenue	567	9,053	-	-	285	14,035	(23,940)	-
Total revenue	3,031,167	538,717	179,474	170,071	42,629	268,963	(23,940)	4,207,081
Segment results	184,378	14,528	17,016	47,068	41,709	10,286	8,284	323,269
Interest expense								(9,056)
Share of profit of equity accounted associated companies								18,592
Profit before tax								332,805
Tax expense								(62,217)
Profit for the year								270,588
Segment assets	1,891,867	538,070	466,739	463,748	99,341	190,208	-	3,649,973
Investment in associated companies	-	-	-	-	-	183,607	-	183,607
Unallocated assets								7,299
Total assets								3,840,879
Segment liabilities	157,100	102,528	37,697	13,831	1,904	24,792	-	337,852
Unallocated liabilities								402,213
Total liabilities								740,065
Capital expenditure (including biological assets)	31,006	43,982	31,120	19,360	53	3,189	-	128,710
Depreciation and amortisation	37,422	34,602	13,458	20,588	80	3,277	-	109,427
Non-cash expenses other than depreciation and amortisation	591	812	5,497	801	856	1,137	-	9,694



26. Segmental reporting (Cont'd)

Geographical segments

	Malaysia RM'000	Singapore RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
2006					
Revenue from external customers by location of customers	1,524,657	1,896,622	538,375	-	3,959,654
Segment assets by location of assets	1,515,377	1,434,719	1,043,573	-	3,993,669
Capital expenditure by location of assets	76,308	17,147	79,383	-	172,838
2005					
Revenue from external customers by location of customers	1,882,106	1,744,047	580,928	-	4,207,081
Segment assets by location of assets	1,423,840	1,203,663	1,022,470	-	3,649,973
Capital expenditure by location of assets	61,509	6,386	60,815	-	128,710

27. Contingent liabilities, unsecured - Company

- i) The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiary companies up to a limit of **RM736.3 million** (2005 : RM777.5 million) of which **RM350.9 million** (2005 : RM375.7 million) was utilised as at balance sheet date.
- ii) The Company has also issued corporate guarantees to certain non-financial institutions for the supply of goods and services provided to certain subsidiary companies up to a limit of **RM32.5 million** (2005 : RM32.5 million) of which **RM6.9 million** (2005 : **RM6.9 million**) was utilised as at balance sheet date.
- iii) The Company also undertakes to provide financial support for certain subsidiary companies to enable them to continue as a going concern.

28. Related parties

28.1 Identity of related parties

- a) The Company has a controlling related party relationship with its direct and indirect subsidiary companies and the associated companies of the Group as disclosed in the financial statements;
- b) The Company also has a related party relationship with :
 - i) the substantial shareholder, Boon Siew Sdn Berhad which holds a 43% interest in the Company and presumed to exercise significant influence over the Company;
 - ii) the subsidiary companies of Boon Siew Sdn Berhad and the direct and indirect associated companies of Boon Siew Sdn Berhad

(hereinafter referred as "Boon Siew Group of Companies"); and



28. Related parties (Cont'd)

iii) The key Directors and key management personnel of the Group

- Dato' Loh Cheng Yean
- Dato' Wong Lum Kong, JP
- Dato' Lim Su Tong @ Lim Chee Tong
- Dato' Dr. Tan Chong Siang

28.2 *Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows :*

a) With associated companies of the Group

	Group	
	2006 RM'000	2005 RM'000
i) Sale of goods	4,721	13,582
ii) Purchase of goods	-	164
iii) Lease finance charges receivable	-	25
iv) Management fee and commission payable	495	466

b) With Boon Siew Group of Companies

	Group	
	2006 RM'000	2005 RM'000
i) Commission receivable in respect of advertising, marketing and hotel reservation services	2,933	3,553
ii) Sale of goods	177,551	140,096
iii) Charges for the assembly of motor cycles	46,776	34,414
iv) Purchase of goods	15,005	10,240
v) Rental charges receivable (net)	6	6
vi) Sale of plant and equipment	296	-

c) There were no transactions with the Directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment.

The Directors of the Company are of the opinion that the above transactions were entered in the normal course of business and the terms of which have been established on a negotiated basis.

28.3 *Significant non-trade related party balances*

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Amount due from				
- subsidiary companies	-	-	367,386	364,579
- associated companies	4,191	3,548	-	-
	<u>4,191</u>	<u>3,548</u>	<u>367,386</u>	<u>364,579</u>
Amount due to				
- associated companies	213	77	-	-
- subsidiary companies	-	-	438	586



29. Financial instruments

The Group's financial risk management policy seeks to ascertain that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group financial risk management policies. The Group operates within clearly defined guidelines that are approved by the Board.

It is the Group's policy not to engage in speculative transactions. As and when the Group undertakes significant transactions with risk exposure, the Group evaluates its exposure and the necessity to hedge such exposure taking into consideration the availability and cost of such hedging instruments. Financial instruments such as trade receivables, trade and other payables arise directly from the Group's operations.

The main risks arising from financial instruments and policies for controlling these risks are set out below :

Credit risk

The Group controls its credit risk by the application of credit approvals, limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis.

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

Interest rate risk

The Group is exposed to the fluctuating interest rate risk in respect of deposits placed with the licensed financial institutions, borrowings and investment portfolio. These risks are managed through the use of fixed and floating rate financial instruments.

Foreign currency risk

Foreign exchange risk arises as the Group engages in transactions that are denominated in foreign currencies, mainly in US Dollars, Singapore Dollars, Brunei Dollars, Australian Dollars, New Zealand Dollars, Chinese Renminbi, Japanese Yen, Thai Baht, Vietnam Dollars and Indonesian Rupiah. In addition, the Group is exposed to foreign currency movements on its investments in foreign subsidiary companies and associated companies. Foreign currency risk is mitigated as it is managed as far as possible by natural hedges of matching assets and liabilities in the same foreign currency.



29. Financial instruments (Cont'd)

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

Group	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000	After 5 years RM'000
2006					
Financial assets					
Bonds, unit trusts and REITS	3.00 - 7.70	132,067	108,250	2,245	21,572
Fixed deposits	1.00 - 3.50	1,155,619	1,155,619	-	-
Financial liabilities					
Bank overdrafts	6.25 - 7.75	4,145	4,145	-	-
Other borrowings	1.39 - 7.07	360,697	343,273	17,424	-
2005					
Financial assets					
Bonds, unit trusts and REITS	1.50 - 6.00	113,526	81,408	9,121	22,997
Fixed deposits	1.00 - 4.50	1,024,291	1,024,291	-	-
Financial liabilities					
Bank overdrafts	6.25	5,523	5,523	-	-
Other borrowings	1.30 - 6.28	316,874	316,874	-	-
Company					
Financial assets					
2006					
Amount due from subsidiary companies	5.72	132,662	132,662	-	-
Fixed deposits	2.33	21,296	21,296	-	-
2005					
Amount due from subsidiary companies	4.56	132,668	132,668	-	-
Fixed deposits	2.76	13,484	13,484	-	-



29. Financial instruments (Cont'd)

Fair values

Recognised financial instruments

The carrying amounts approximate fair value due to the relatively short term nature of these financial instruments in respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

The fair values of other financial assets together with the carrying amounts shown in the balance sheet as at 31 December are as follows :

	2006		2005	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Financial assets				
Quoted shares	45,937	92,562	38,886	62,446
Bonds, unit trusts and REITS	132,067	133,994	113,256	113,640
Unquoted shares	28,252	#	28,316	#

The fair value of quoted securities is their quoted bid price at the balance sheet date.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

30. Significant events during the year

- Simen Utara Sdn. Bhd., a 91% owned subsidiary of the Company, acquired 875,000 ordinary shares of RM1.00 each, representing 25% of the total issued and paid-up share capital in Unique Pave Sdn. Bhd. ("U Pave"), at a cash consideration of RM1,531,250 from Ultra Bina Sdn. Bhd. Upon completion of the said acquisition on 12 January 2006, Simen Utara Sdn. Bhd.'s equity interest in U Pave increased to 82.3%.
- Unique Mix (Penang) Sdn. Bhd. ("U Mix"), a 70% subsidiary of Simen Utara Sdn. Bhd. ("SU"), which in turn is a 91% subsidiary of Kwong Wah Enterprise Sdn. Bhd. ("KWE"), a wholly-owned subsidiary of OHB, acquired 126,000 ordinary shares of RM1.00 each, representing 42% of the total issued and paid-up share capital in Konkrit Utara Sdn. Bhd. ("K Utara") at a cash consideration of RM1.00 each from Ong Seng Choo Sdn. Bhd. Upon completion of the said acquisition on 19 September 2006, U Mix owned 93% in K Utara.
- The proposed establishment of a new company called Kasai Teck See Co., Ltd. ("KTS"), as part of the joint venture agreement between Teck See Plastic Sdn. Bhd. ("TSP"), a 60% subsidiary of the Company, and Kasai Kogyo Co., Ltd. ("Kasai"). Both TSP and Kasai will jointly invest and participate on 25 : 75 basis in KTS.



30. Significant events during the year (Cont'd)

- d) Teck See Plastic Sdn. Bhd. ("TSP"), a 60% subsidiary of OHB, acquired 2,000,000 ordinary shares of RM1.00 each, representing 25% of the total issued and paid-up share capital in Oriental Nichinan Design Engineering Sdn. Bhd. ("ONDE"), a 70% subsidiary of OHB at a cash consideration of RM1,317,500. Upon completion of the said acquisition on 2 November 2006, OHB held directly 70% in ONDE and indirectly 25% via TSP.
- e) Armstrong Auto Parts Sdn. Berhad ("AAP"), a 60.7% subsidiary of OHB, entered into a joint venture agreement with Mr. Karli Boenjomin on 10 November 2006 to establish a new company called P.T. Tradisi Motor Komponen to manufacture spokes and nipples for the Indonesian market. This joint venture has yet to commence at the date of this financial statements.
- f) Incorporation of a wholly-owned subsidiary of OHB, Kah Classic Auto Sdn. Bhd. ("KCA"), on 7 December 2006 with an initial authorised and paid-up share capital of RM10,000,000 and RM2 respectively. The intended principal activities of KCA is to sell and trade in all types of cars, spare parts, accessories and all related component parts.
- g) Lipro Kyowa Electronics Sdn. Bhd. ("LKE"), a 60% owned subsidiary of OHB, commenced winding-up proceedings voluntarily on 30 December 2006 via a Special Resolution passed by the shareholders of LKE.
- h) The proposed acquisition of capital contribution of USD1,500,000 in Oriental Kyowa Plastics Industries (Shanghai Pudong new Area) Co., Ltd. by TSP, a 60% subsidiary of the Company.
- i) The proposed merger of operations of Armstrong Auto Parts Sdn. Bhd. with Armstrong Cycle Parts (Sdn.) Bhd., a 60.7% and 57.1% subsidiary of the Company, respectively.

31. Subsequent events

On 8 March 2007, Oriental Boon Siew (Mauritius) Pte. Ltd. ("OBS"), a 50.5% owned subsidiary of OHB, has incorporated a wholly-owned subsidiary OBS (Singapore) Pte. Ltd. ("OBSS"). The purpose is to take up 90% equity in PT Bumi Sohit Sukses Pratoma, a new oil palm plantation company in Indonesia.



32. Details of subsidiary companies

Name of Subsidiary Companies and Principal Activities	Group's Effective Interest	
	2006 %	2005 %
Oriental Realty Sdn. Berhad <i>Property development and investment holding</i>	100.0	100.0
Subsidiary company of Oriental Realty Sdn. Bhd. - Kenanga Mekar Sdn. Bhd. <i>Property development</i>	100.0	100.0
Syarikat Oriental Credit Berhad <i>Money lending</i>	100.0	100.0
Bayview International Sdn. Bhd. <i>Provision of management, marketing, advertisement and central reservation services</i>	100.0	100.0
Dragon Frontier Sdn Bhd <i>Manufacture of plastic moulded parts for electrical, electronics and automotive industries</i>	100.0	100.0
Oriental Rubber & Palm Oil Sdn. Berhad <i>Cultivation of oil palm, investment holding and letting of parking lots</i>	100.0	100.0
Compounding and Colouring Sdn Bhd <i>Manufacture of polypropylene compounds</i>	70.0	70.0
Oriental Assemblers Sdn. Bhd. <i>Assembly of motor vehicles and manufacture of engines</i>	97.2	97.2
Oriental Nichinan Design Engineering Sdn Bhd <i>Design, manufacture and sale of prototype plastic models</i>	85.0	70.0
Oriental San Industries Sdn. Bhd. <i>Letting of properties</i>	100.0	100.0
Kah Assemblers Sdn Bhd <i>Manufacture and assembly of motorcycles</i>	100.0	100.0
Armstrong Cycle Parts (Sdn.) Berhad * <i>Manufacture of automotive control cables and spokes, nipples and control cables for motor cycles and bicycles</i>	57.1	57.1
Subsidiary company of Armstrong Cycle Parts (Sdn.) Berhad -Armstrong Component Parts (Vietnam) Co., Ltd * <i>Manufacturing and assembly of parts and components for automobiles, motorcycle and others</i>	58.9	58.9
Onward Leasing & Credit Sdn Bhd <i>Leasing company</i>	51.2	51.2



32. Details of subsidiary companies (Cont'd)

Name of Subsidiary Companies and Principal Activities	Group's Effective Interest	
	2006 %	2005 %
Kah Bintang Auto Sdn Bhd <i>Retailer of motor vehicles and traders of spare parts, accessories and related component parts</i>	100.0	100.0
Oriental-Hyundai Sdn Bhd <i>Distributor of motor vehicles</i>	60.0	60.0
Oriental Boon Siew (Mauritius) Pte Ltd # <i>Investment holding</i>	50.5	50.5
Oriental International (Mauritius) Pte Ltd # <i>Investment holding</i>	100.0	100.0
Subsidiary companies of Oriental International (Mauritius) Pte Ltd		
- Hymold (Su Zhou) Co., Ltd * <i>Manufacture of plastic products</i>	85.8	85.8
- Oriental Industries (Wuxi) Co. Ltd * <i>Manufacture of precision moulds, standard moulds, printed circuit boards and injection moulding</i>	100.0	100.0
- P.T. Oriental Manufacturing Indonesia * <i>Manufacturing and distribution of plastic articles and products in automotive and electrical sectors</i>	75.8	75.8
Kah Motor Company Sdn Berhad <i>Assembly of Honda motor cycles and dealer of Honda vehicles and hotelier</i>	100.0	100.0
Subsidiary companies of Kah Motor Company Sdn Berhad		
- Boon Siew (Borneo) Sendirian Berhad * <i>Distribution of Honda motor cars and motor cycles</i>	99.0	99.0
- Ultra Green Sdn Bhd <i>Land reclamation - no activity yet</i>	100.0	100.0
- Happy Motoring Company Sdn. Bhd. * <i>Distribution of Honda motor cars and motor cycles and sale of spare parts</i>	51.0	51.0
- Kah New Zealand Limited # <i>Hotelier (with golf course)</i>	100.0	100.0
Subsidiary companies of Kah Motor Company Sdn Berhad		
- Kah Australia Pty Ltd * <i>Hotelier and Investment holding</i>	100.0	100.0
Subsidiary company of Kah Australia Pty Ltd		
- Geographe Bay Motel Unit Trust * <i>Hotelier</i>	51.0	51.0



32. Details of subsidiary companies (Cont'd)

Name of Subsidiary Companies and Principal Activities	Group's Effective Interest	
	2006 %	2005 %
Teck See Plastic Sdn. Bhd. <i>Manufacture and distribution of plastic articles and products</i>	60.0	60.0
Subsidiary companies of Teck See Plastic Sdn Bhd		
- Lipro Sdn Bhd <i>Manufacture and assembly of plastic component parts</i>	30.6	30.6
- Lipro Electrical Manufacturing Sdn Bhd <i>Manufacture of electrical parts</i>	60.0	60.0
- Lipro Mold Engineering Sdn. Bhd. <i>Manufacture and repair of moulds, jigs and fixtures</i>	51.0	51.0
- AT-TS Marketing Sdn Bhd <i>Consultancy and management services in plastic and metal industry and trading in gas equipment spare parts</i>	60.0	60.0
- Armstrong Industries Sdn. Bhd. <i>Letting of properties</i>	60.0	60.0
- Lipro Kyowa Electronics Sdn Bhd <i>Under voluntary liquidation</i>	-	60.0
Armstrong Auto Parts Sdn. Berhad <i>Manufacture of seats, press, diecasts parts, shock absorbers, suspension and electrical components for motor cycles and motor vehicles</i>	60.7	60.7
Subsidiary companies of Armstrong Auto Parts Sdn. Berhad		
- Armstrong Realty Sdn. Bhd. <i>Letting of properties</i>	60.7	60.7
- Armstrong Trading & Supplies Sdn. Bhd. <i>General trading of related automotive parts</i>	60.7	60.7
Kah Classic Auto Sdn Bhd <i>Dormant</i>	100.0	-
Jutajati Sdn Bhd <i>Investment holding</i>	100.0	100.0
Subsidiary companies of Jutajati Sdn Bhd		
- Oriental Thai Industries Co Ltd * <i>Manufacturing of plastic products</i>	100.0	100.0
- Oriental-Logistics Sdn Bhd <i>Freight forwarding, shipping agents and commission agents</i>	60.6	60.6
- Kwong Wah Enterprise Sdn Bhd <i>Investment holding</i>	100.0	100.0



32. Details of subsidiary companies (Cont'd)

Name of Subsidiary Companies and Principal Activities	Group's Effective Interest	
	2006 %	2005 %
Subsidiary companies of Kwong Wah Enterprise Sdn Bhd		
- North Malaya Engineers Trading Company Sdn. Berhad * <i>Manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials</i>	100.0	100.0
- Lipro Trading Sdn Bhd <i>Distributor of cement</i>	100.0	100.0
- Simen Utara Sdn Bhd * <i>Trading agent</i>	91.0	91.0
Subsidiary companies of Simen Utara Sdn Bhd		
- Unique Pave Sdn Bhd <i>Manufacturer of and dealer of concrete products</i>	74.9	69.2
- Unique Mix (Penang) Sdn. Bhd. * <i>Manufacturer and dealer of concrete products</i>	63.7	63.7
Subsidiary company of Unique Mix (Penang) Sdn. Bhd.		
- Konkrit Utara Sdn. Bhd. *		
<i>Dealer of concrete products</i>	59.2	-
Selasih Permata Sdn Bhd <i>Investment holding</i>	50.5	50.5
Subsidiary companies of Selasih Permata Sdn Bhd		
- PT Gunung Maras Lestari * <i>Oil palm plantation</i>	46.7	46.7
- PT Gunungsawit Binalestari * <i>Oil palm plantation</i>	46.7	46.7
- PT Oriental Kyowa Industries * <i>Manufacture of plastic technical and industrial goods and equipment</i>	72.8	72.8
- Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co Ltd * <i>Manufacture of plastic technical and industrial goods and equipment</i>	65.4	65.4
- Oriental Asia (Mauritius) Pte Ltd # <i>Investment holding</i>	100.0	100.0
North Malaya Engineers Overseas Sdn Bhd <i>Investment holding</i>	100.0	100.0
Subsidiary company of North Malaya Engineers Overseas Sdn Bhd		
- North Malaya (Xiamen) Steel Co Ltd * <i>Production of steel wire and its related product, and automobile spare parts</i>	100.0	100.0



32. Details of subsidiary companies (Cont'd)

All the subsidiary companies are incorporated in Malaysia except for :

	<u>Country of Incorporation</u>
- Happy Motoring Company Sdn. Bhd.	Brunei Darusalam
- Kah Australia Pty Ltd	Australia
- Geographe Bay Motel Unit Trust	Australia
- Kah New Zealand Limited	New Zealand
- PT Oriental Kyowa Industries	Republic of Indonesia
- PT Gunung Maras Lestari	Republic of Indonesia
- PT Gunungsawit Binalestari	Republic of Indonesia
- PT Oriental Manufacturing Indonesia	Republic of Indonesia
- Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co Ltd	China
- North Malaya (Xiamen) Steel Co Ltd	China
- Oriental International (Mauritius) Pte Ltd	Mauritius
- Oriental Boon Siew (Mauritius) Pte Ltd	Mauritius
- Hymold (Su Zhou) Co., Ltd	China
- Oriental Thai Industries Co Ltd	Thailand
- Armstrong Component Parts (Vietnam) Co., Ltd	Vietnam
- Oriental Industries (Wuxi) Co. Ltd	China
- Oriental Asia (Mauritius) Pte Ltd	Mauritius

* *not audited by KPMG.*

audited by member firms of KPMG International.

33. Changes in accounting policies

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 December 2006.

The changes in accounting policies arising from the adoption of FRS 127, Consolidated and Separate Financial Statements, FRS 3, Business Combinations, FRS 136, Impairment of Assets and FRS 138, Intangible Assets and, FRS 140, Investment Property are summarised below :



33. Changes in accounting policies (Cont'd)

FRS 127, Consolidated and Separate Financial Statements

With the adoption of FRS 127, all investments in subsidiary companies are stated in the Company's balance sheet at cost less impairment losses.

In previous years, investments in subsidiary companies are stated in the Company's balance sheet at cost/valuation less impairment losses.

The change in accounting policy was recognised retrospectively and comparatives have been restated. The change in accounting policy had the following impact on the Company's financial statements :

	Company	
	2006 RM'000	2005 RM'000 (Restated)
Balance sheet at 31 December		
Cumulative decrease in investments in subsidiary companies	<u>20,523</u>	<u>20,523</u>
Cumulative decrease in retained earnings	<u>20,523</u>	<u>20,523</u>

The adjustment to retained earnings at 1 January 2005 was a decrease of RM20,523,000.

This change in accounting policy had no impact on the Group's earnings per stock.

FRS 3, Business Combinations, FRS 136, Impairment of Assets and FRS 138, Intangible Assets

The adoption of FRS 3, FRS 136 and FRS 138 has resulted in a change in the accounting policy for goodwill. The change in accounting policy is made in accordance with their transitional provisions.

Negative goodwill is recognised immediately in the income statement. This has resulted in the derecognition of negative goodwill and an increase of retained earnings for the Group as at 1 January 2006 by RM8,670,000.

This change in accounting policy had no impact on the Group's earnings per stock.

FRS 140, Investment Property

Following the adoption of FRS 140, investment properties are now classified separately.

The adoption of FRS 140 has no impact on the financial statements of the Group and the Company as it recognises the investment properties using cost method.



34. Comparative figures

Certain comparative figures have been reclassified as a result of changes in accounting policies as stated in Note 33 and to conform with the presentation requirements of FRS 101.

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Balance sheets				
Property, plant and equipment	1,213,124	1,438,051	12,168	16,002
Intangible assets	27,568	-	-	-
Biological assets	163,128	-	-	-
Investment properties	61,799	-	3,834	-
Investments in subsidiary companies	-	-	391,919	412,442
Goodwill on consolidation	-	26,003	-	-
Deferred expenditure	-	1,565	-	-
Total equity	3,100,814	3,100,814	811,790	832,313

Following the adoption of FRS 3, Business Combinations, minority interests was reclassified into equity, likewise in arriving at profit for the year minority interests was not deducted.



LIST OF PROPERTIES OWNED BY THE GROUP

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Company :						
Lot 31, 1541, 1542 & 1550, Section 2 Town of Tanjong Tokong Penang	Land and building	17,500	Freehold	56	-	3.1
Lot 1196 & 440, Section 13, North East District, Penang	Vacant land	9,000	Freehold	-	-	3.8
Lot 243 & 244, Mukim 1, Province Wellesley Central Penang	Land and Building	325,600	Freehold	12	-	7.2
Lot 1000, 1001, 1004, 1005, 1008, 1915, 1916 & 1917, Section 3 Town of Butterworth Province Wellesley North Penang	Motor Assembly Plant	47,200	Freehold	-	-	1.4
Lot 320, Town Area XXI Town of Melaka Melaka	Hotel	1,200	Freehold	19	15 Jan 1987	0.3
Lot 2714 Chainferry Road Prai	Shoplot	297	Freehold	11	-	0.1
Subsidiary Companies :						
Lot 214, Section 2 Province Wellesley North Butterworth	Vacant land	1,000	Freehold	-	29 Aug 1996	0.6
Mukim 13 and 14 Paya Terubong North East District Penang	Vacant land	97,066	Freehold	-	24 Jan 1972	0.3
Lot 504 & 508, Section 15 North East District Penang	Land and building	1,300	Freehold	33	30 Oct 1972	0.8
Lot 3389 & 3390, Mukim 18, Tanjung Bungah North East District Penang	Vacant land	40,004	Freehold	-	14 Aug 1992	3.1



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Lot 60, 117, 119, 3388 & 3391, Tanjung Bungah North East District Penang	Vacant land	68,756	Freehold	-	29 July 1993	6.7
Lot 904, 905, 906, 908, 910, 911, 914, 917, 1682, 1684 & 1705 Mukim 15, Province Wellesley Central Penang	Vacant land	90,240	Freehold	-	18 Feb 1993	5.1
Lot 116, Mukim 18 Tanjung Bungah Daerah Timur Laut Penang	Vacant land	50,200	Freehold	-	4 Nov 1994	3.3
Lot 711 & 712, Mk 16, Jalan Bagan Lallang Province Wellesley North Penang	Housing scheme in progress	49,988	Freehold	-	1970	0.3
Lot 3263 – 3384 & 4133 – 4148 Section 3, Chainferry Road, Daerah Perai Utara Penang	Vacant land and shop houses	42,000	Freehold	-	22 Dec 1983	6.4
Lot 607, Mukim 12, Bayan Lepas, Daerah Barat Daya Penang	Vacant land	9,683	Freehold	-	19 Aug 1985	0.3
Lot 64, Mukim G, Lot 457, 458, 731, 735 & 736, Mukim 6, Daerah Barat Daya Penang	Vacant land	140,206	Freehold	-	9 Dec 1972	0.4
Lot 241 and 575, Mukim 9, Teluk Kumbar, Daerah Barat Daya Penang.	Vacant land	24,977	Freehold	-	29 Jan 1995	5.3
HS (M) 783, Lot No 6147, Mukim 9, Daerah Seberang Prai, No 30, Lintang Tempua, Taman Tempua 14300 Nibong Tebal, Penang	Double storey terrace house	149	Freehold	2	30 Apr 2005	0.2



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Lot 2953, 2918, 2937, 2900, 2899, 2919, 2911 Section 1, Tanjung Tokong Daerah Timur Laut, Penang	Land and building	2,160	Freehold	29	1970	0.2
8-G-07 & 8-G-08 Jalan Batu Uban, Sunny Point, Gelugor, Penang	Office showroom	189	Freehold	12	Nov 2003	0.9
2624 Mukim 1 Taman Perindustrian Prai, Prai Penang	Factory and office building	38,568	Leasehold (60 years expiring 2064)	11	NA	3.9
HS (D) 5408, PT BM/A/090 Mukim 1, Daerah Seberang Perai Tengah, Penang	Factory and administrative office	12,793	Leasehold (60 years expiring 2034)	33	1996	7.0
HS (D) 69, PT No. PTBM/A/68/70 Mukim 1, Kawasan Perusahaan Perai Tengah Penang.	Factory and administrative office	4,046	Leasehold (99 years expiring 2072)	34	1992	2.0
HS (D) 37, PT No. PTBM/A/65/70 Mukim 1, Kawasan Perusahaan Perai Tengah Penang.	Factory and administrative office	4,046	Leasehold (99 years expiring 2071)	35	1972	0.6
Mak Mandin Industrial Estate Mukim 14, Town of Butterworth Province Wellesley North Penang	Factory and administrative office	40,300	Leasehold (86 years expiring 2063)	34	1 Jan 1973	1.8
1228C-3, 1228D-3, 1228P-3, 1228N-3, 1228M-3, 1228B-3 Jalan Paya Terubong Penang	Shoplots	1,074	Freehold	7	1 Apr 1999	0.9
Lot 1145, Section 13, Daerah Timur Laut Penang	Vacant land	12,000	Freehold	-	-	3.7
Lot 536, 537 & 832 Daerah Timur Laut, Penang.	Vacant land	25,629	Freehold	-	1980	27.4



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
HS(D) 2720, PT 1461 Mukim 1, Daerah Seberang Perai Tengah Penang	Factory and administrative office	40,440	Leasehold (60 years expiring 2045)	20	1 Jan 1985	2.1
Plot No. 327 Sungai Petani Industrial Estate Kedah	Vacant land	72,841	Leasehold (60 years expiring 2045)	-	3 July 1995	4.1
HS (M) 5/1985, PT 9, Tikam Batu, Mukim Pehula, Kedah	Factory and administrative office	6,000	Leasehold (99 years expiring 2085)	24	1981	2.1
Tikam Batu Industrial Estate Mukim of Pehula, Kuala Muda Kedah	Factory and administrative office	48,100	Leasehold (99 years expiring 2077)	27	1 Jun 2004	5.1
H.S.(D) 16754, 16755, 16756, 16757, 16758, 16759, 16760, 16761, 16762 & 16763 Lot No 8755, 8756, 8757, 8758, 8759, 8760, 8761, 8762, 8763 & 8764 Mukim 6, Daerah Seberang Prai Utara Penang	Vacant land	184,792	Freehold	-	15 Feb 2006	19.6
PT 340, HSM 5/1996 Kelang Lama (Taman Haruan) Mukim Padang Cina Kulim, Kedah	Shophouse	130	Leasehold (99 years expiring 2095)	6	31 Mar 2001	0.2
Lot 4317 ^N & 4318 ^N District of Kinta, Ipoh, Perak	Office building	2,600	Freehold	26	31 Dec 1977	2.5
Lot 14702 ^S , District of Kinta, Ipoh, Perak	Vacant land	9,730	Freehold	-	24 Apr 1993	5.5
Lot 2223,152,153 GM 204, Padang Lalang Mukim Jebong, Perak	Vacant land	8,570	Freehold	-	7 May 1991	0.6



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Lot 2841 S Title No. 20123 District of Kinta, Ipoh Perak	Vacant land	4,047	Freehold	-	21 Oct 1992	1.1
QT (R) 2467 & QT (R) 548 Town of Petaling Jaya, Selangor	Office, showroom and workshop	9,100	Leasehold (99 years expiring 2063)	32	NA	1.6
Lot 305, Section 92, Jalan Chan Sow Lin, Kuala Lumpur	Office, showroom and workshop	1,500	Leasehold (42 years expiring 2011)	38	1 Dec 1989	0.2
HS (D) 12452 of PT 1, Section 15, District of Petaling Selangor	Land, factory, administrative office	18,748	Leasehold (99 years expiring 2080)	22	19 Jun 1981	7.6
Lot 264 & 265, Tingkat Perusahaan Lima, Kawasan Perusahaan Perai 2, 13600 Perai, Penang	Factory and administrative office	8,307	Leasehold		NA	8.0
H.S.(D) 10915,PT 14230, Mukim Hulu Bernam Timur Batang Padang Perak	Land and factory	10,216	Freehold	1	28 Jun 05	10.7
H.S.(D) 10914,PT 14229 Mukim Hulu Bernam Timur Batang Padang Perak	Land, factory administrative office	11,506	Freehold	1	28 Jun 05	
Lot 114 & 565, Section 83, 3 rd & 3 1/4 Mile Batu Road, Mukim Kuala Lumpur, Wilayah Persekutuan,	Vacant land	8,220	Freehold	-	6 Nov 1990	5.9
Lot 3907, GM 1648, Mukim Batu 3 1/2 Mile Batu Road Mukim Kuala Lumpur Wilayah Persekutuan	Vacant land	4,040	Freehold	3	9 Nov 1990	4.5
Lot 564, GM 2395, Section 83, 3 1/4 Mile Batu Road, Mukim Batu Wilayah Persekutuan	Vacant land	5,440	Freehold	3	30 Mar 1994	3.8



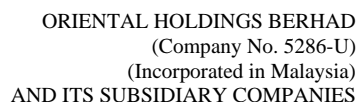
LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Lot 308, Section 41, Jalan Dang Wangi Wilayah Persekutuan	Vacant land	6,640	Freehold	-	2 Sept 1993	26.0
Lot 3655, 4 th Mile Pahang Road Mukim Setapak Kuala Lumpur	Office	3,300	Freehold	14	31.03.1993	1.7
Lot 2658 (formerly Lots 1708, 1855 & 1856) Section 41 Wilayah Persekutuan Kuala Lumpur	Vacant land rented out as car park	5,127	Freehold	-	Original titles registered on 02 March 1990 & 10 Dec 1991	18.1
HS (D) 79933, PT 11082 Mukim Sungai Buluh Daerah Petaling No 134, Jalan SS 24/2 Taman Megah, Petaling Jaya Selangor	Office, showroom	430	Freehold	30	Jan 2005	2.6
GM 197, Lot 4267 Mukim Ampang Ampang Road Daerah Kuala Lumpur Selangor	Showroom (Bungalow)	1,487	Freehold	27	Oct 2002	4.4
HS (D) 110210 PT No 11442 Mukim Damansara Daerah Petaling Selangor	Office showroom	282	Freehold	10	Jun 2003	2.2
HS (D) 1204448 PT No 249 Pekan Desa Puchong Daerah Petaling Selangor	Construction in-progress	4,047	Freehold	-	July 2003	4.6
Lot 3, Jalan P/10, Section 10 Kawasan Perusahaan Bandar Baru Bangi Selangor	Land, office and factory buildings	65,628	Leasehold (99 years expiring 2098)	11	21 Feb 1994	25.5
HS (D) 3604 - 3608, PT No. 17587 – 17591 Mukim Klang Selangor	Vacant land	109,900	Freehold	-	1970	2.2



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
HS (D) 7617, PT6A, Jalan 227, Section 20A, Petaling Jaya, Selangor	Office, showroom and workshop	900	Leasehold (99 years expiring 2063)	23	29 Jun 1990	2.8
Lot 24393 Grant 3297 Batu Road, Mukim Batu Wilayah Persekutuan	Office, showroom and workshop	11,050	Freehold	8	7 Nov 1990	32.1
Lot 14885, Grant 18616 Mukim Kuala Lumpur Wilayah Persekutuan	Office showroom	573	Freehold	21	25 Nov 1997	2.9
Lot 51 & 59, Selaman Industrial Park Bandar Baru Bangi Selangor	1 ½ storey building	1,220	Freehold	11	26 Sept 1997	1.5
Lot 18123, HSD (T) 10 Daerah Petaling Selangor	Service centre	1,484	Freehold	2	2 May 2003	1.5
Lot 17353 & 17354 HM 21164 & 21165 Daerah Petaling Selangor	Showroom & office	446	Freehold	10	9 Dec 2003	4.4
Lot 43, 274, 275, 277-279 & 320 Town of TA XXI Melaka.	- Hotel - Showroom	4,100 500	Freehold	18	15 Jan 1987	42.6
HS (M) 843/78 PT No PTMT A2/01/3436 Lot 18, Mukim Bachang, District of Melaka Tengah Melaka	Workshop	940	Leasehold (99 years expiring 2077)	16	26 Jun 1990	0.3
Plot 342, 343 HS (M) No. 1142/78 & 1143/78 Mukim Bacang Daerah Melaka Tengah Melaka	Shoplots	535	Leasehold (99 years expiring 2077)	16	1994	0.4
HS (M) 844/78, PT No 19 (New Lot 2219) Mukim of Bacang, Malim, Melaka	Workshop parking area	1,100	Leasehold (99 years Expiring 2077)	12	22 June 1994	0.5
Lot 627 & 628, 637 & 638, Town of XXI, Daerah Melaka Tengah Melaka	Showroom	219	Freehold	23	31 Dec 1983	0.2





LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Lot 15301 TLO 2121 Bandar Johor Baru Daerah Johor Baru	Multi-storey car park	21,710	Leasehold (60 years expiring 2031)	10	1 Nov 1997	5.9
Batu 2, Jalan Tampoi HS (D) 16608 TLO 2013 Johore Bahru	Assembly plant and administrative office	45,200	Leasehold (60 years expiring 2025)	39	22 Apr 1968	10.4
Lot 6487 Jalan Scudai Johore Bahru	Office & showroom	8,200	Freehold	14	24 May 1979	3.5
HS (D) 12569 & 12570, PT No 10168 & 10169 Johor Bahru, Johor	Vacant land	352	Freehold	-	-	0.4
Block 1, 4, 5 & 9 Jalan TG Puteri TG Puteri Resort Pasir Gudang Johor	4 apartments	435	Freehold	10	31 Jul 1996	0.4
Title No 015472607 Inanam, Kota Kinabalu Sabah	Showroom and office building	8,100	Leasehold (60 years expiring 2042)	12	18 Apr 1989	3.5
TS XIX Bukit Timah Road, Singapore.	Office and showroom	3,000	Freehold	20	31 Dec 1982	13.9
Lot 402 T.S. II Bencoolen Street, Singapore.	Hotel	1,700	Freehold	20	25 May 1991	52.0
Lot 238 & 239 Mukim 14 6A Mandai Estate Singapore	Warehouse	6,100	Freehold	18	27 Apr 1990	24.6
Lot 244 and 245 Mukim 14, Mandai Estate Singapore	Warehouse	6,530	Freehold	14	30 Dec 1992	29.5
Lot 3801, PT Mukim 23 Ubi Road 3, Eunos Link Singapore 1440	Showroom, workshop and office	9,480	Leasehold (30 years expiring 2025)	12	1 Jul 1995	43.3



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Lot 3654 Mukim 23 15 Ubi Road 4 Singapore 408610	Bodyshop	4,994	Leasehold (27 years expiring 2018)	16	20 Mar 1991	1.1
Lot 20733 Kampong Pengkalan KM6, Jalan Gadong Brunei Darulsalam	Light industrial building	1,500	Freehold	20	13 Feb 1985	0.3
Lot 1 to 7, MT Ruapheau Tongariro National Park Ruapheau Surrey District Wellington Land Registry, New Zealand	Hotel with golf course	260,700	Leasehold (30 years expiring 2020)	16	17 Sept 1991	11.4
Section 1 and 25 Block XIV Lot 1, Block XIV Block XIV Lot 1, Block XIV State Highway 1, Wairakei Lake Taupo Region Tatua Surrey District South Auckland Registry, New Zealand.	Hotel with golf course and access land	638,500	Freehold	16	17 Sept 1991	51.6
561 Bussel Highway Sussex Location 256 And Lot 8 Busselton, West Australia Australia	Hotel	56,900	Freehold	35	19 Jun 1991	24.2
90, William Street Sydney, N.S.W. 2011 Australia	Hotel	1,300	Freehold	34	6 Jun 1993	63.1
6, 8 & 9, Queens Road Melbourne Victoria 3004 Australia Sydney NSW 2011 Australia	Hotel and vacant land	6,900	Freehold	18	21 Apr 1993	55.1
100 William Street Sydney NSW 2011 Australia	Office building	1,300	Freehold	34	20 Sept 1994	58.8



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
52 Queens Road Melbourne Victoria 3004 Australia	Hotel	7,000	Freehold	42	12 Nov 1993	30.8
Plot 15 Wang Qiao Industries Zone Pudong New Area, Shanghai Peoples' Republic of China	Factory	17,123	Leasehold (50 years expiring 2046)	10	14 May 1996	17.7
696, Jian Ye Road, Wang Qiao Industries Zone Pudong New Area, Shanghai	Factory	30,000	Leasehold (50 years expiring 2049)	8	20 Nov 1999	21.6
Lot 500203-9, Xinyang Industrial Zone Haichang, Xiamen, Fujian Province Peoples' Republic of China	Land and building	49,099	Leasehold (50 years expiring 2045)	9	-	4.0
HSE C21 Primrose Spring City Kunming Peoples' Republic of China	Holiday resort (for staff use)	145	Leasehold (70 years expiring 2064)	12	11 Jun 1999	0.6
12 th & 16 th , Garden Mansion San Xiang Road Suzhou City Peoples' Republic of China	2 apartments	280	Leasehold (50 years expiring 2042)	13	Jun 2002	0.4
Yidong Garden, Gui Long Garden Dong Fang Lu Pudong New Area, Shanghai Peoples' Republic of China	3 apartments	344	Leasehold (70 years expiring 2069)	6	Oct 2001	0.9
88-B of Wuxi Municipal National New & High Tech Development Zone, Wuxi Peoples' Republic of China	Factory land	33,014	Leasehold (50 years expiring 2052)	3	Oct 2002	10.8
No 2, Jingshan Road Feng Qiao Town Su Zhou New District Jiangsu Province Peoples' Republic of China	Factory and administrative office	33,806	Leasehold (50 years expiring 2044)	14	Jun 2002	18.0



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
No 40-602 & 40-901 Xin Zhou Garden Wuxi New District High Tech Industrial Area Wuxi, Jiangsu Province, Peoples' Republic of China	Apartments	266	Leasehold (50 years)	3	Oct 2002	0.4
Desa Mayang & Desa Simpang Gong, Kecamatan Simpang Tertip Desa Belo Laut & Desa Air Belo, Kecamatan Mentok Kabupaten Bangka Barat Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	Oil Palm plantation, crude palm oil mill and administrative office	9,098 (hectares)	Leasehold (30 years expiring 2031)	9	11 May 1995	67.6
Kecamatan Bakem Kecamatan Pemali Kecamatan Puding Besar Kabupaten Bangka Induk Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	Oil palm plantation, crude palm oil mill and administrative office	12,704 (hectare)	Leasehold (30 years expiring 2028)	10	13 Sept 1994	97.2
Kotamadya Pangkal Pinang, Kecamatan Pangkal Balam, Kelurahan Lontong Pancur Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	Bulking facility with residential quarters and administrative	3.66 (hectares)	Leasehold (20 years expiring 2017 and 2020)	6	9 July 1997 and 13 Oct 2000	1.09
Plot No. 5 – 16 MM 2100 Industrial Town Cibitung Bekasi West Java Republic of Indonesia	Factory and administrative office	24,000	Leasehold (25 years expiring 2021)	12	7 Nov 1995	7.3
Lot C4B-KIIC, Karawang Republic of Indonesia	Land	15,000	Leasehold (30 years expiring 2026)	11	-	1.6
Lot C4B-KIIC, Karawang Republic of Indonesia	Factory building	14,575	Leasehold (30 years expiring 2026)	11	20 Oct 2004	7.3



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area</u> <u>(sq.metres)</u>	<u>Tenure</u>	<u>Age of</u> <u>Building</u> <u>(Years)</u>	<u>Date of</u> <u>Acquisition</u>	<u>Net Book</u> <u>Value</u> <u>(RM million)</u>
2 nd Floor, Plaza ABDA Jl. Jend. Sudirman Kav. 59 Jakarta 12190 Republic of Indonesia	Office	218.5	Leasehold (15 years expiring 2020)	2	1 Jun 2005	1.1
32K Sudirman Mansion Jl. Jend. Sudirman Kav. 59 Jakarta 12190 Republic of Indonesia	Apartment	125	Leasehold (15 years expiring 2020)	2	1 Jun 2005	0.73
G8/18, G8/19, G8/22 & G8/23 123, 124 & 131 MU1 Hi-Tech Industrial Estate Bangpa-In, Ayudhya Thailand	Land and factory building	10,000	Freehold	4	29 Sept 2001	9.2
136, 137 Hi Tech Industrial Estate M001, Tambol Baanpo, Amphur Bangpa-In, Ayutthaya Thailand	Factory land and building	10,500	Freehold	5	26 Dec 2002	5.6
Lot 23, Noi Bai Industrial Zone Quang Tien Soc Son District Hanoi, Vietnam	Factory and administrative office	5,325	Leasehold (30 years expiring 2032)	5	20 Aug 2002	0.6

NA: Not available



STOCKHOLDING STATISTICS AS AT 7 MAY 2007

AUTHORISED STOCK CAPITAL	:	RM1,000,000,000/=
ISSUED AND FULLY PAID-UP CAPITAL	:	RM517,000,000/= (including 31,808 treasury stocks)
CLASS OF STOCK	:	Ordinary Stocks of RM1/= each
VOTING RIGHTS	:	On a show of hands - One vote for every stockholder On a poll - One vote for every ordinary stock held

ANALYSIS OF STOCKHOLDINGS

Size of Stockholding	No of Stockholders/ Depositors	No. of Stocks	% of Issued Capital
1 - 99	325	12,116	0.0023
100 - 1,000	1,479	1,200,149	0.2322
1,001 - 10,000	3,472	14,575,732	2.8193
10,001 - 100,000	1,182	34,093,153	6.5944
100,001 to less than 5% of issued stocks	143	115,883,892	22.4147
5% and above of issued stocks	5	351,234,958	67.9371
Total	6,606	517,000,000	100.0000

SUBSTANTIAL STOCKHOLDERS

Name	No of stocks Direct	% of Issued Capital	No of stocks Deemed	% of Issued Capital
1. Boon Siew Sdn Bhd ^	222,274,125	43.0	50,474,799	9.76
2. Employees Provident Fund Board	62,755,980	12.14	-	-
3. Permodalan Nasional Berhad	38,357,922	7.42	-	-
4. Penang Yellow Bus Company Bhd	27,373,731	5.3	-	-
5. Yayasan Pelaburan Bumiputera *	-	-	38,357,922	7.42
6. Loh Kian Chong #	1,000	-	281,636,097	54.48

^ Deemed interested via Penang Yellow Bus Company Bhd, Bayview Hotel Sdn Bhd, Boon Siew Development Sdn Bhd and Boontong Estates Sdn Bhd

* Deemed interested via Permodalan Nasional Berhad

Deemed interested via Boon Siew Sdn Bhd, Penang Yellow Bus Company Bhd, Bayview Hotel Sdn Bhd, Loh Boon Siew Holdings Sdn Bhd, Loh Kar Bee Holdings Sdn Bhd, Boon Siew Development Sdn Bhd and Boontong Estates Sdn Bhd



THIRTY LARGEST STOCKHOLDERS AS AT 7 MAY 2007

	Name	No. of Stocks	% of Issued Capital
1.	Malaysia Nominees (Tempatan) Sendirian Berhad Boon Siew Sdn Bhd	111,137,063	21.4965
2.	Citigroup Nominees (Tempatan) Sdn Bhd Boon Siew Sdn Bhd	111,137,062	21.4965
3.	Employees Provident Fund Board	63,229,180	12.23
4.	Permodalan Nasional Berhad	38,357,922	7.4193
5.	Citigroup Nominees (Tempatan) Sdn Bhd Penang Yellow Bus Company Bhd	27,373,731	5.2947
6.	Citigroup Nominees (Asing) Sdn Bhd Honda Motor Co., Ltd	20,932,854	4.0489
7.	Citigroup Nominees (Tempatan) Sdn Bhd Bayview Hotel Sdn Bhd	18,207,006	3.5217
8.	Valuecap Sdn Bhd	7,262,300	1.4047
9.	Citigroup Nominees (Tempatan) Sdn Bhd Loh Boon Siew Holdings Sdn Bhd	6,306,693	1.2199
10.	Malaysia Nominees (Tempatan) Sendirian Berhad Boontong Estates Sdn. Berhad	3,694,139	0.7145
11.	Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Fund	2,837,416	0.5488
12.	Amanah Raya Nominees (Tempatan) Sdn Bhd Sekim Amanah Saham Nasional	2,824,400	0.5463
13.	Asia Life (M) Berhad AS Beneficial Owner (PF)	2,700,000	0.5222
14.	Chinchoo Investment Sdn Berhad	2,663,000	0.5151
15.	Citigroup Nominees (Tempatan) Sdn Bhd Loh Kar Bee Holdings Sdn Bhd	2,580,480	0.4991
16.	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for JPMorgan Chase Bank, National Association (U.S.A)	2,491,000	0.4818
17.	Citigroup Nominees (Tempatan) Sdn Bhd Lim Su Tong	2,472,422	0.4782
18.	Key Development Sdn Berhad	2,280,000	0.4410
19.	Mayban Nominees (Tempatan) Sdn. Bhd. Mayban Trustees Berhad for Public Ittikal Fund	2,009,200	0.3886
20.	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for JPMorgan Chase Bank, National Association (U.A.E)	1,552,200	0.3002
21.	Malaysia Nominees (Tempatan) Sendirian Berhad Tong Yen Sdn. Bhd.	1,423,565	0.2754
22.	Citigroup Nominees (Asing) Sdn Bhd Exempt an for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	1,423,110	0.2753
23.	Golden Fresh Sdn Bhd	1,400,000	0.2708
24.	Citigroup Nominees (Tempatan) Sdn Bhd Boon Siew Development Sdn Bhd	1,199,923	0.2321
25.	Chong Thuah Realty Sdn Bhd	1,104,500	0.2136
26.	Malaysia Nominees (Tempatan) Sendirian Berhad Loh Phoy Yen Holdings Sdn Bhd	813,888	0.1574
27.	Twin Ritz Sdn Bhd	799,300	0.1546
28.	Foo Loke Weng	665,520	0.1287
29.	Cimsec Nominees (Asing) Sdn Bhd Exempt an for CIMB-GK Securities Pte Ltd (Retail Clients)	650,194	0.1258
30.	Khoo Saw Sim	574,208	0.1111
		442,102,276	85.5128



DIRECTORS' STOCKHOLDINGS AS AT 7 MAY 2007

	Name of Directors	Direct Interest	Indirect Interest	%
1.	Dato' Loh Cheng Yean	200,696	-	0.0388
2.	Dato' Wong Lum Kong, JP	150,958	-	0.0292
3.	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail	-	-	-
4.	Dato' Loh Say Bee	44,642	-	0.0086
5.	Dato' Lim Su Tong @ Lim Chee Tong	2,472,422	-	0.4782
6.	Dato' Dr Tan Chong Siang	31,923	-	0.0062
7.	Dato' Dr Tunku Ismail Bin Tunku Mohammad Jawa	-	-	-
8.	Atsushi Fujimoto	-	-	-
9.	Sharifah Intan Binti S. M. Aidid (*)	15,000	-	0.0029

* She also holds 227,318 shares and 100,000 shares in Armstrong Auto Parts Sdn Bhd and Teck See Plastic Sdn Bhd respectively.



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PROXY FORM

No. of stocks held

I/We, _____
NRIC No _____
of _____
being a stockholder/stockholders of Oriental Holdings Berhad hereby appoint _____
of _____
or failing him _____
of _____

as my/our proxy, to vote for me/us and on my/our behalf at the FORTY FIFTH ANNUAL GENERAL MEETING of the Company to be held on Thursday, 28 June 2007 at 12:00 noon at Sri Mas 1 & 2 and Sri Perak, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang or at any adjournment thereof.

My/our proxy is to vote on either on a show of hands or on a poll as indicated below with an "X"

RESOLUTIONS		FOR	AGAINST
1.	To receive and adopt the audited Financial Statements		
2.	To declare a Final Dividend and a Special Dividend		
3.	To re-elect Dato' Loh Say Bee		
4.	To re-elect Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail		
5.	To re-elect Puan Sharifah Intan Binti S M Aidid		
6.	To re-elect Dato' Dr Tunku Ismail Bin Tunku Mohammad Jewa		
7.	To re-elect Dato' Lim Su Tong		
8.	To re-elect Mr Atsushi Fujimoto		
9.	To approve the Directors' Fees		
10.	To re-appoint Messrs KPMG		
11.	To approve Recurrent Related Party Transactions with:- a) Boon Siew Sdn Bhd Group b) Dato' Syed Mohamad Bin Syed Murtaza and family c) Honda Motor Co., Ltd. d) i-Logistics Corporation and Itochu Corporation e) Mr Tan Liang Chye f) Hyumal Motor Sdn. Bhd.		
12.			
13.			
14.			
15.			
16.			
17.	To approve the Proposed Renewal of Stock Buy-Back		

Signed this _____ day of June 2007.

Signature of Stockholder

NOTES :

1. A stockholder entitled to attend and vote at this Meeting may appoint a Proxy, who need not be a stockholder, to attend and to vote in his stead.
2. If the appointer is a corporation, the Proxy Form must be executed under the Common Seal of the Company or under the hand of its attorney duly authorised in writing.
3. To be valid, the Proxy Form must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than 48 hours before the time stipulated for holding the meeting or adjournment thereof.
4. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.



ORIENTAL HOLDINGS BERHAD
(Company No. 5286-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

..... *Fold Along this line*.....

AFFIX
POSTAGE
STAMP

Oriental Holdings Berhad
c/o Suite 2-1, 2nd Floor
Menara Penang Garden
42A Jalan Sultan Ahmad Shah
10050 Penang

..... *Fold Along this line*.....