



**BERHAD**  
(111365-U)

# ANNUAL REPORT 2007

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## Corporate Information

### Board of Directors

Dato' Tan Yik Huay  
(Executive Chairman)

Dato' Lee Ah Chien @ Lee Ow Kim  
(Independent Non-Executive Director)

Dato' Ng Kek Kiong  
(Non-Independent Non-Executive Director)

Leong Chun Yin  
(Executive Director)

Kwan Swee Keong  
(Executive Director)

Wong Keng Shin  
(Executive Director)

Ian Ghee Eik Kai  
(Independent Non-Executive Director)

Ng Fung Mo  
(Independent Non-Executive Director)

### Company Secretaries

Yeoh Chong Keat (MIA 2736)  
Lim Fei Chia (MAICSA 7036158)

### Registered Office and Business Address

No. 5, Jalan Pelabur 23/1  
40300 Shah Alam  
Selangor Darul Ehsan  
Telephone : 03-5541 0612  
Facsimile : 03-5541 0132

### Share Registrars

Epsilon Registration Services Sdn Bhd  
312, 3rd Floor, Block C, Kelana Square  
No.17, Jalan SS 7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Telephone : 03-7806 2116  
Facsimile : 03-7806 1261

### Auditors

Tai, Yapp & Co. (AF0205)  
Chartered Accountants  
No. 3-2 Jalan Indrahana 2  
Off Jalan Kuchai Lama  
58200 Kuala Lumpur  
Telephone : 03-7983 0948  
Facsimile : 03-7981 9912

### Board Committees

#### Audit Committee

Dato' Lee Ah Chien @ Lee Ow Kim (Chairman)  
Ian Ghee Eik Kai  
Leong Chun Yin

#### Remuneration Committee

Ian Ghee Eik Kai (Chairman)  
Dato' Tan Yik Huay  
Dato' Lee Ah Chien @ Lee Ow Kim

#### Nomination Committee

Dato' Ng Kek Kiong (Chairman)  
Dato' Tan Yik Huay  
Dato' Lee Ah Chien @ Lee Ow Kim  
Ian Ghee Eik Kai

#### Principal Bankers

CIMB Bank Bhd  
Public Bank Bhd

#### Stock Exchange Listing

Bursa Malaysia Securities Berhad (Second Board)  
Sector : Trading  
Stock Number : 8923  
Stock Short Name : TENCO

## Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Twenty Third Annual General Meeting of the Company will be held at No. 5, Jalan Pelabur 23/1, 40300 Shah Alam, Selangor Darul Ehsan, Malaysia on Friday, 7 September 2007 at 10.30 a.m. to transact the following business:-

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2007 and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To re-elect the following Directors who retires in accordance with Article 88 of the Company's Articles of Association: - (Resolution 2)  
  - a) Dato' Tan Yik Huay (Resolution 3)
  - b) Leong Chun Yin
3. To re-elect the following Directors who retire in accordance with Article 95 of the Company's Articles of Association: - (Resolution 4)  
  - a) Dato' Ng Kek Kiong (Resolution 5)
  - b) Ng Fung Mo
4. To re-appoint Messrs Tai, Yapp & Co. as auditors of the Company and to authorise the Board of Directors to fix their remuneration. (Resolution 6)

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following, with or without modifications, as Ordinary Resolutions and Special Resolutions of the Company:-

5. **ORDINARY RESOLUTION**  
**PROPOSED PAYMENT OF DIRECTORS' FEES**  
 "THAT the payment of Directors' fees of RM40,000.00 in respect of the financial year ended 31 March 2007 be and is hereby approved." (Resolution 7)
6. **ORDINARY RESOLUTION**  
**AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES**  
 "THAT subject always to the Companies Act, 1965 and the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company at the time of issue AND THAT the Directors be also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 8)
7. **SPECIAL RESOLUTION**  
**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**  
 "THAT the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in Annexure I attached together with the Annual Report 2007 of the Company be and are hereby approved." (Resolution 9)
8. **SPECIAL RESOLUTION**  
**PROPOSED CHANGE OF COMPANY'S NAME**  
 "THAT the name of the Company be changed from "Tenco Berhad" to "Nagamas International Berhad" with effect from the date of the Certificate of Incorporation on Change of Name to be issued by the Companies Commission of Malaysia and that the name of the Company wherever it appears in the Company's Memorandum and Articles of Association be amended to Nagamas International Berhad accordingly ("Proposed Change of Name").  
 AND THAT the Directors and Secretaries of the Company be and are hereby authorised to deal with all matters relating to the Proposed Change of Name and to take all steps and do all acts and things in any manner as they may consider necessary or expedient to give effect to and complete the Proposed Change of Name." (Resolution 10)
9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

YEOH CHONG KEAT (MIA 2736)  
 LIM FEI CHIA (MAICSA 7036158)  
 Company Secretaries

Shah Alam  
 16 August 2007

## Notice Of Annual General Meeting

### Notes:-

- i. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, then the proxy shall be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia. The provision of Section 149(1)(b) of the Companies Act, 1965 shall apply to the Company.
- ii. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- iii. A member shall be entitled to appoint more than one (1) proxy. A member who appoints two (2) proxies shall specify the proportion of his shareholdings to be represented by each proxy.
- iv. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at No. 5 Jalan Pelabur 23/1, 40300 Shah Alam, Selangor Darul Ehsan, not less than 48 hours before the time set for holding this meeting or any adjournment thereof.

### Explanatory Notes on Special Business:-

- i. Resolution 7  
This Ordinary Resolution proposed under Item 5 is in accordance with Article 97 of the Company's Articles of Association. The resolution, if passed, will authorise the payment of Directors' fees to Directors of the Company for their services rendered as Directors during the financial year ended 31 March 2007.
- ii. Resolution 8  
This Ordinary Resolution proposed under Item 6, if passed, will empower the Directors of the Company to issue shares from the unissued capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company at the time of issue, for such purposes as the Directors consider would be in the best interest of the Company. The approval is sought to avoid any delay and cost in convening a general meeting for such issuance of shares. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.
- iii. Resolution 9  
This Special Resolution proposed under Item 7 is for the purpose of streamlining the Company's Articles of Association in line with the enhancements to the Listing Requirements as well as for housekeeping purposes. With the shareholders' approval, the proposed amendments as per Annexure I attached together with the Annual Report 2007 of the Company will be incorporated into the Company's Articles of Association.
- iv. Resolution 10  
The rationale for the proposed change of name under Item 8 is to facilitate the efforts of the Group to re-brand itself and to re-position the Group to potentially operate within the international arena as well as to reflect the Malaysian identity.

## Statement Accompanying Notice Of Annual General Meeting

1. The Twenty Third Annual General Meeting of the Company will be held at No. 5, Jalan Pelabur 23/1, 40300 Shah Alam, Selangor Darul Ehsan, Malaysia on Friday, 7 September 2007 at 10.30 a.m.
2. The Directors standing for re-election at the Twenty Third Annual General Meeting of the Company are: -
  - a) Dato' Tan Yik Huay (retiring in accordance with Article 88 of the Company's Articles of Association);
  - b) Mr. Leong Chun Yin (retiring in accordance with Article 88 of the Company's Articles of Association);
  - c) Dato' Ng Kek Kiong (retiring in accordance with Article 95 of the Company's Articles of Association); and
  - d) Mr. Ng Fung Mo (retiring in accordance with Article 95 of the Company's Articles of Association).

Further details of the abovenamed Directors are set out in the "Directors' Profiles" section of this Annual Report. The details of their shareholdings are disclosed on page 65 of this Annual Report.

3. A total of six (6) Board meetings were held during the financial year ended 31 March 2007. Detail of attendance of Directors holding office during the financial year are as follows:-

Directors	Attendance
Dato' Tan Yik Huay (Chairman)	6/6
Dato' Lee Ah Chien @ Lee Ow Kim	6/6
Leong Chun Yin	6/6
Kwan Swee Keong	5/6
Wong Keng Shin	6/6
Ian Ghee Eik Kai	6/6
Dato' Ng Kek Kiong (Appointed w.e.f. 8 December 2006)	1/1
Ng Fung Mo (Appointed w.e.f. 8 December 2006)	0/1



## Proposed Amendments To The Articles Of Association - Annexure I

The Articles of Association of the Company are proposed to be amended in the following manner:

Article No.	EXISTING PROVISIONS	Article No.	PROPOSED AMENDMENTS
2	<p><u>Definitions</u></p> <p>“Approved Market Place” means a stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) (Exemption) (No. 2) Order 1998.</p> <p>“Central Depository” means Malaysian Central Depository Sdn. Bhd. (Company No. 165570-W)</p> <p>“Deposited Security” means a security as defined in Section 2 of the Central Depositories Act standing to the credit of a securities account and includes securities in a securities account that is in suspense.</p> <p>“Member” means any person/persons for the time being holding shares in the Company including Depositors whose names appear on the Record of Depositors but shall exclude the Central Depository or its nominee company in whose name the Deposited Securities are registered unless required by virtue of the Central Depositories Act or the Rules or the context of these Articles.</p> <p>“Record of Depositors” means a record provided by the Central Depository to the Company pursuant to an application under the Rules.</p> <p>“Rules” means the Rules of the Central Depository and includes any statutory modification, amendment or re-enactment thereof for the time being in force.</p> <p>“Securities Account” means an account established by the Central Depository for a Depositor for the recording of deposit of Securities or withdrawal of Securities and for dealing in such Securities by the Depositor as permitted under the Central Depositories Act and/or the Rules.</p> <p>“The Exchange” means the Kuala Lumpur Stock Exchange and shall include any other stock exchanges on which the Company’s shares may for the time being be listed.</p>	2	<p><u>Definitions</u></p> <p>Deleted in entirety.</p> <p>“Depository” means Bursa Malaysia Depository Sdn. Bhd.</p> <p>“Deposited Security” shall have the meaning given in section 2 of the Securities Industry (Central Depositories) Act 1991.</p> <p>“Member” includes a Depositor who shall be treated as if he was a member pursuant to section 35 of the Securities Industry (Central Depositories) Act 1991 but excludes the Depository in its capacity as a bare trustee.</p> <p>“Record of Depositors” means a record provided by the Depository to the Company under Chapter 24.0 of the Rules of the Depository.</p> <p>“Rules of the Depository” shall have the meaning given in section 2 of the Securities Industry (Central Depositories) Act 1991.</p> <p>“Securities Account” means an account established by the Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor.</p> <p>“The Exchange” means Bursa Malaysia Securities Berhad and shall include any other stock exchanges on which the Company’s shares may for the time being be listed and quoted.</p> <p><b>Note:</b> <i>The terms “Central Depository” and “Rules” wherever appear in the Company’s Articles of Association shall be replaced with the terms “Depository” and “Rules of the Depository” respectively.</i></p>

## Proposed Amendments To The Articles Of Association - Annexure I

Article No.	EXISTING PROVISIONS	Article No.	PROPOSED AMENDMENTS
6	<p><u>Rights of Preference Shareholders</u></p> <p>(1) Subject to the Act, any preference shares may with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time.</p> <p>(4) In the distribution of capital in a winding up of the Company, the preference shareholders shall be entitled to a return of capital paid up in priority to any repayment of capital to any ordinary shareholder.</p>	6	<p><u>Rights of Preference Shareholders</u></p> <p>(1) Subject to the Act, any preference shares may with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed.</p> <p>(4) Deleted in entirety.</p>
21	<p><u>Application of proceeds of sales</u></p> <p>The net proceeds of such sale, after payment of the costs of such sale, shall be applied in or towards payment or satisfaction of any sum immediately payable in respect whereof the lien exists, accrued interest and expenses and any residue shall (subject to a like lien for such debts or liabilities in respect of moneys not immediately payable as existed on the shares prior to the sale) be paid to the person entitled thereto or his executors, administrators or <u>assigns</u> as he directs. For giving effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.</p>	21	<p><u>Application of proceeds of sales</u></p> <p>The net proceeds of such sale, after payment of the costs of such sale, shall be applied in or towards payment or satisfaction of any sum immediately payable in respect whereof the lien exists, accrued interest and expenses and any residue shall (subject to a like lien for such debts or liabilities in respect of moneys not immediately payable as existed on the shares prior to the sale) be paid to the person entitled thereto or his executors, administrators or <u>assignees</u> as he directs. For giving effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.</p>
39	<p><u>Transmission of securities from the Foreign Register</u></p> <p>(1) Where: -</p> <p>(a) the securities of the Company are listed on an Approved Market Place; and</p> <p>(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such securities,</p> <p>the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register") to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities.</p>	39	<p><u>Transmission of securities from the Foreign Register</u></p> <p>(1) Where: -</p> <p>(a) the securities of the Company are listed on <u>another stock exchange</u>; and</p> <p>(b) the Company is exempted from compliance with Section 14 of the (Central Depositories) Act 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities,</p> <p>the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the <u>other stock exchange</u>, to the register of holders maintained by the registrar of the Company in Malaysia <u>and vice versa</u> provided that there shall be no change in the ownership of such securities.</p>

## Proposed Amendments To The Articles Of Association - Annexure I

Article No.	EXISTING PROVISIONS	Article No.	PROPOSED AMENDMENTS
39	<p><u>Transmission of securities from the Foreign Register</u></p> <p>(2) For the avoidance of doubt, no Company which fulfils the requirements of subparagraphs (1)(a) and (b) above, shall allow any transmission of securities from the Malaysian Register into the Foreign Register.</p>	39	<p><u>Transmission of securities from the Foreign Register</u></p> <p>(2) Deleted in entirety.</p>
57	<p><u>Power to alter capital</u></p> <p>(b) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantages as regards dividend, return of capital, voting or otherwise over the others or any other of such shares and;</p>	57	<p><u>Power to alter capital</u></p> <p>(b) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them nevertheless to the provisions of the Act <b>and the listing requirements of the Exchange from time to time;</b> and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantages as regards dividend, return of capital, voting or otherwise over the others or any other of such shares and;</p>
61	<p><u>Notices of meeting</u></p> <p>(1) Subject of the provisions of the Act relating to special resolutions and agreements for shorter notice, the notices convening meetings shall be given to all shareholders fourteen (14) days' notice at the least, or twenty-one (21) days' notice at the least where any special resolution is to be proposed or where it is an annual general meeting (exclusive of the day on which the notice is served or deemed to be served, and the day for which notice is given) specifying the place, the day and the hour of meeting. In case of special business, the general nature of that business accompanied by a statement regarding the effect of any proposed resolutions in respect of any such special business shall be given to such persons as are entitled to receive these notices from the Company, as provided for in these Articles and the provisions of the Central Depositories Act and the Rules. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in the <b>daily press</b> and in writing to each Stock Exchange upon which the Company is listed.</p>	61	<p><u>Notices of meeting</u></p> <p>(1) Subject of the provisions of the Act relating to special resolutions and agreements for shorter notice, the notices convening meetings shall be given to all shareholders fourteen (14) days' notice at the least, or twenty-one (21) days' notice at the least where any special resolution is to be proposed or where it is an annual general meeting (exclusive of the day on which the notice is served or deemed to be served, and the day for which notice is given) specifying the place, the day and the hour of meeting. In case of special business, the general nature of that business accompanied by a statement regarding the effect of any proposed resolutions in respect of any such special business shall be given to such persons as are entitled to receive these notices from the Company, as provided for in these Articles and the provisions of the Central Depositories Act and the Rules. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in <b>at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper</b> and in writing to each Stock Exchange upon which the Company is listed.</p>
63	<p><u>Business at meetings</u></p> <p>All business shall be special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the audited financial statements and the report of the Directors and auditors, the election of Directors in the place of those retiring and the appointment, fixing of the remuneration of the auditors.</p>	63	<p><u>Business at meetings</u></p> <p>All business shall be special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the audited financial statements and the report of the Directors and auditors, the election of Directors in the place of those retiring, <b>payment of Directors' fees,</b> the appointment, fixing of the remuneration of the auditors.</p>



## Proposed Amendments To The Articles Of Association - Annexure I

Article No.	EXISTING PROVISIONS	Article No.	PROPOSED AMENDMENTS
66	<p><u>Record of Depositors</u></p> <p>(2) The Company shall request the Central Depository in accordance with the Rules to prepare the Record of Depositors as at a date not less than three (3) market days before the general meetings (hereinafter referred to as "the General Meeting Record of Depositors").</p> <p>(3) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable) and notwithstanding any provision in the Act, a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.</p>	66	<p><u>Record of Depositors</u></p> <p>(2) The Company shall also request the Depository in accordance with the Rules of the Depository, to issue a Record of Depositors, <b><u>as at the latest date which is reasonably practicable which shall in any event be not less than</u></b> three (3) Market Days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors").</p> <p>(3) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable), a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.</p>
76	<p><u>Voting</u></p> <p>(1) (d) New provision.</p>	76	<p><u>Voting</u></p> <p>(1) (d) On a resolution to be decided on a show of hands, a holder of ordinary shares or preference shares who is personally present or by proxy or represented by attorney and entitled to vote shall be entitled to one (1) vote.</p>
99	<p><u>When offices of Director deemed vacant</u></p> <p>(b) becomes bankrupt or makes any arrangement or composition with his creditors generally;</p> <p>(d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to the mental disorder;</p> <p>(j) (1) New provision</p> <p>(2) New provision</p> <p>(3) New provision</p>	99	<p><u>When offices of Director deemed vacant</u></p> <p>(b) becomes bankrupt <b><u>during his term of office</u></b> or makes any arrangement or composition with his creditors generally;</p> <p>(d) becomes of unsound mind <b><u>during his term of office</u></b> or a person whose person or estate is liable to be dealt with in any way under the law relating to the mental disorder;</p> <p>(j) (1) has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a company;</p> <p>(2) has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence, involving fraud or dishonesty or where the conviction involved a finding that he acted fraudulently or dishonestly; or</p> <p>(3) has been convicted by a court of law of an offence under the securities laws or the Companies Act 1965.</p> <p>within a period of five (5) years from the date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be. The "securities laws" means the Securities Industry Act, 1983, the Securities Industry (Central Depositories) Act 1991, the Securities Commission Act 1993 and the Futures Industry Act 1993.</p>

## Directors' Profile

### **DATO' TAN YIK HUAY**

*(Executive Chairman)*

Dato' Tan Yik Huay, Malaysian, aged 64, was a Non-Executive Director of the Company until early May 2006. He was re-designated as Executive Chairman in May 2007. Dato' Tan was appointed to the Board of Directors on June 21, 2000. He is members of both the Nomination Committee and Remuneration Committee. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a Fellow of the Institute of Chartered Secretaries and Administrators, United Kingdom. He is a member of the Malaysian Institute of Accountants and the Malaysian Association of Public Accountants. He joined the textile industry in 1973 as the Finance Manager and later as the Executive Director of Pen Group of Companies, an international integrated textile group. He was the Managing Director of Pen Apparel Sdn Bhd, a member of TAL Group of Hong Kong until end January 2005 and currently a Director of the said company. Currently, Dato' Tan is the President of the Malaysian Textile Manufacturers' Association (MTMA). He is a Vice President of Malaysian Textile Apparel Centre (MATAC) of which he is a founder member. In May 2006, he was appointed the Vice Chairman of Asian Chemical Fibers Industry Federation (ACFIF). Dato' Tan is the past Chairman of Pembangunan Sumber Manusia Bhd (PSMB). He is a Council Member of the Federation of Malaysian Manufacturers (FMM). He is also currently the Chairman of Audit Committee of Jerasia Berhad.

Dato' Tan is the uncle of Leong Chun Yin (Executive Director of the Company) and Leong Pek Wha (major shareholder of the Company). He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

### **DATO' LEE AH CHIEN @ LEE OW KIM**

*(Independent Non-Executive Director)*

Dato' Lee Ah Chien @ Lee Ow Kim, Malaysian, aged 63, is an Independent Non-Executive Director of the Company. He was appointed to the Board on July 27, 2000 and he is the Chairman for the Audit Committee. Dato' Lee is members of both the Remuneration Committee and Nomination Committee and is also the Senior Independent Director with whom investors may contact. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom, a Fellow and the Council Member for Area 16 (South East Asia) of Chartered Institute of Management Accountants, United Kingdom, and also a member of the Malaysian Institute of Accountants (MIA). At present, he is the Senior Consultant cum Company Secretary of the Toray Malaysia Group of Companies, an international chemicals and integrated textile group, having served as its Executive Director since 1984 till January 2006. Prior to joining the Toray Pen-Group, he was the Senior Financial Analyst of Esso Malaysia Bhd. Currently, Dato' Lee is a Council Member of the Federation of Malaysian Manufacturers and the Chairman of its Northern Branch. Dato' Lee is the Past President of the Chartered Institute of Management Accountants, Malaysia Division and has been a Council Member of MIA during the years 2002 to 2004. He is an alternate Director in Rosettanet Malaysia Bhd and serves as member of a number of Penang State Councils. He was the former Chairman of Audit Committee of Karensoft Technology Berhad until his resignation from its Board at end May 2007.

Dato' Lee does not have any family relationship with and is not related to any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

### **DATO' NG KEK KIONG**

*(Non-Independent Non-Executive Director)*

Dato' Ng Kek Kiong, Malaysian, aged 54, is a Non-Independent Non-Executive Director of the Company. Dato' Ng was appointed to the Board on December 8, 2006 and he is the Chairman for the Nomination Committee. Dato' Ng is a seasoned businessman who has been doing business in China for more than two (2) decades. Dato' Ng is the founder of Malaysia-Beijing Travel Services Sdn Bhd (MBTS). In 1989, MBTS under the leadership of Dato' Ng became the first travel company to be licensed by the Home Ministry to organize tours to China for Malaysian citizens who were 30 years and above. In the following year, it again became the first travel company to be given approval by the Home Ministry to sponsor Chinese citizens for visit to Malaysia. Dato' Ng has over the years turned MBTS into a full-fledged travel and tour company offering charter and scheduled flight, inbound tour, outbound tour, domestic tour, ticketing, internet booking, coach service, loyalty card, etc. Besides travel and tours, Dato' Ng has vast experience in other business fields such as air cargo, real estate, plantation, trading, publishing and information technology.

Currently, Dato' Ng is the Director of World Chinese Union (Malaysia), Deputy Director of Chinese International Trade Council, Vice President of Malaysia-China Friendship Association, Deputy President of Kuala Lumpur & Selangor's Hakka Association, Director of Hainan University Council, Honorary Chairman of Huizhou Huiyang Foreign Fellowship Association, Advisor to Malaysia-China Chamber of Commerce, Advisor to Selangor & Kuala Lumpur Fui Chiu Association, Advisor to Negeri Sembilan Fui Chiu Association, Advisor to MCA Taman Bunga Raya Branch, Advisor to National Newspaper Vendors Association, Member of Tourism Malaysia (China Market) Council, Member of Boao Forum for Asia, Member of Malaysian Chinese Tourism Association and Member of Malaysia-China Business Council.

Dato' Ng does not have any family relationship with and is not related to any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

## Directors' Profile

### LEONG CHUN YIN

*(Executive Director)*

Leong Chun Yin, Malaysian, aged 40, is an Executive Director of the Company. He was appointed to the Board on December 16, 1999. He is a member of the Audit Committee of the Company. He holds a Bachelor of Accounting & Finance (Hons) degree from Manchester Polytechnic of United Kingdom.

Mr. Leong sits on the Board of several private limited companies under Tenco Group, but does not have any other directorship in other public companies. Mr. Leong is the brother of Leong Pek Wha, a major shareholder of the company and the nephew of Dato' Tan Yik Huay. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

### KWAN SWEE KEONG

*(Executive Director)*

Kwan Swee Keong, Malaysian, aged 45, is an Executive Director of the Company. He was appointed to the Board on May 4, 2006. He is a Chemist by profession and graduated with B.Sc. (Hons) in Chemistry from University Malaya, Kuala Lumpur in 1985. He started his career as a Polymer Chemist in the field of polymer dispersion since graduated from university with a multi-national company and was later promoted to the position of Production Manager in 1988. He was then responsible for overall manufacturing operations of the company.

Mr. Kwan later joined Ridgemonde Chemicals & Resins Sdn Bhd as Works Director in 1992 and then as Techno Commercial Director in 2000. He is currently the Business Director of Ridgemonde Chemicals & Resins Sdn Bhd. He sits on the Board of several private limited companies under Tenco Group, but does not have any other directorship in other public companies.

Mr. Kwan does not have any family relationship with and is not related to any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

### WONG KENG SHIN

*(Executive Director)*

Wong Keng Shin, Malaysian, aged 50, is an Executive Director of the Company. She was appointed to the Board on May 4, 2006. She graduated with a Diploma in PSC, LCCI in 1978. Prior to joining Tenco Group of Companies, she was attached with an adhesive company where she gained extensive working experience in operations and management.

Ms. Wong is currently the Business Director of Wilron Products Sdn Bhd and Tenco Industries Sdn Bhd, both wholly owned subsidiaries of Tenco Berhad. She sits on the Board of several private limited companies under Tenco Group and also several private companies. Ms. Wong does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

### IAN GHEE EIK KAI

*(Independent Non-Executive Director)*

Ian Ghee Eik Kai, Malaysian, aged 41, is an Independent Non-Executive Director of the Company and was appointed to the Board on November 6, 2001. He is the Chairman of the Remuneration Committee and members of both the Audit Committee and Nomination Committee. He graduated from the University of London with a LLB Degree in 1990. He further pursued and completed his Certificate of Legal Practice in 1992. Mr. Ian Ghee chambered in Messrs Paul Chong & Kraal and was called to the Malaysian Bar on September 17, 1993. He subsequently worked in Messrs Ng & Ong as a legal assistant from 1993 to 1999. Currently he is one of the main partners in Messrs Ian Ghee & Associates. He specializes in civil and corporate litigation, company law and debt collection, industrial disputes, probate matter and conveyancing practice. He does not have any other directorship in other public companies.

Mr. Ian Ghee does not have any family relationship with and is not related to any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

## Directors' Profile

### **NG FUNG MO**

*(Independent Non-Executive Director)*

Ng Fung Mo, of Hong Kong Special Administrative Region, aged 44, was appointed to the Board on December 8, 2006 as an Independent Non-Executive Director. Mr. Ng is a property developer with more than twenty (20) years of experience in property development in the People's Republic of China. Mr. Ng started his career in Huiyang Property Development Company ("Huiyang Property") in 1985 and rose through the ranks to become the General Manager of Huiyang Property's Daya Bay division and Huiyang Property's Hong Kong division.

In 1998, Mr. Ng established Huizhou Longji Real Estate Development Co Ltd ("Huizhou Property"). During that period, Mr. Ng obtained an MBA degree (specializing in property development) from the Chong Sun University. Currently, Mr. Ng is an appointed member of the Political Consultative Committee for the city of Huizhou and holds the post of Deputy Chairman of Huiyang District's Association of Real Estate Development. Under his leadership, Huizhou Property was awarded "Corporate Entity That Complies With Terms of Contracts" for three (3) consecutive years. During the past two (2) decades, Mr. Ng has made significant contribution to the property development industry in Huiyang District.

Mr. Ng does not have any family relationship with and is not related to any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.



## Corporate Governance Statement

The Board of Directors (“the Board”) of Tenco Berhad (“the Company” or “Tenco”) recognises that corporate governance is a continuous process and is therefore committed to direct and manage the Company in ensuring that the Group practices good corporate governance in line with the Malaysian Code on Corporate Governance (the “Code”) in discharging its responsibilities to enhance shareholder value and to protect the interests of shareholders.

In preparing this report, the Board has considered the manner in which the Company has applied the principles of the Code and the extent to which it has complied with the Best Practices of the Code. The Board is of the opinion that aside from any exceptions noted below, the Group has applied the principles set out in Part 1 of the Code and has complied with the best practices set out in Part 2 of the Code throughout the financial year ended 31 March 2007.

### A. DIRECTORS

#### (i) The Board

The Board of Tenco comprises one (1) Executive Chairman, three (3) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The profiles of the members of the Board are provided in this Annual Report. The Board is responsible for overseeing the conduct and performance of the Group’s businesses and provides oversight for the Group’s internal controls.

The Board is of the opinion that the interests of shareholders of the Company are fairly represented through the current composition and its size constitutes an effective Board to the Company. The wide spectrum of knowledge, skills and experience of the Board members gives added strength to the leadership which is necessary for the effective stewardship of the Group.

The Company practices a clear demarcation of responsibilities and a balance of power and authority. The roles of the Executive Directors are clearly divided and they are responsible for the day-to-day running of the business, implementation of Board policies and making operational decisions.

#### (ii) Board Balance

All the Independent Directors are Independent of Management and are free from any relationship that could materially interfere with the exercise of their independent judgement. The three (3) Independent Directors of the Company which forms one third (1/3) of the Board provides the Board with a good mix of industry-specific knowledge plus broad business and commercial experience. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group’s strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity were maintained by the Group.

Dato’ Lee Ah Chien @ Lee Ow Kim has been appointed as the Senior Independent Non-Executive Director to whom all concerns regarding the Company may be contacted.

#### (iii) Board Committee

The Board has delegated certain responsibilities to Board Committees which operate within clearly defined terms of reference. The Committees are: -

- a) Audit Committee
- b) Remuneration Committee
- c) Nomination Committee

#### (iv) Supply of Information

The Board meets on a quarterly basis with additional meetings held whenever necessary. The Board meets six (6) times during the financial year under review.

All Directors are provided with an agenda and at each Board meeting, the Executive Directors, Chief Accountant and/or other relevant Board members will brief on the Group’s activities and operations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making. Proceedings of Board meetings are recorded and signed by the Chairman of the meeting.

All Directors whether as a full Board or in their individual capacity have access to all information of the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.



## Corporate Governance Statement

All Directors have access to the advice and services of the Company Secretaries and may seek independent professional opinion and advice, whenever necessary, at the expense of the Group. The appointment and removal of Company Secretaries are matters for the Board as a whole.

In addition, the Board had a verbal understanding of matters reserved to itself for decision, including amongst others, the approval of Group strategy and direction, acquisition and divestment policy, major capital expenditures, significant financial matters and performance of the Group.

### (v) Appointments to the Board

In cognizance of the recommendations of the Code, a Nomination Committee had been established by the Board and comprises the following Directors: -

- (a) Dato' Ng Kek Kiong - Chairman
- (b) Dato' Tan Yik Huay
- (c) Dato' Lee Ah Chien @ Lee Ow Kim
- (d) Ian Ghee Eik Kai

The Committee is generally responsible to assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director. It would assess the size of the Board and review the mix of skills and experience and other qualities required for the Board to function completely and efficiently. Performance of Directors would be assessed on an on-going basis to examine each individual Director's ability to contribute to the effective decision making of the Board. Upon assessing any proposed new nominees for appointment to the Board, the Committee would make recommendations to the existing Board for the final decision-making.

Decisions on appointments of Directors are made by the Board after considering recommendations by the Nomination Committee.

The Committee met during the financial year and after the close of financial year to assess the effectiveness of the Board and the contribution of each individual Director and senior management as well as determined the Directors standing for re-election.

### (vi) Directors' Training

The Company does not at present have a formal program for the orientation of newly appointed Directors. The Board considers that the activities of the Group at this time are not so complex as to warrant a formal program. However, all members of the Board have attended and completed the Mandatory Accreditation Programme as required under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). Directors are encouraged and will continue to attend further educational programmes and seminars regularly to keep abreast of any new developments in the Bursa Securities Listing Requirements, other relevant legislation and regulations and to enhance their skills and knowledge.

### (vii) Election/Re-election of Directors

In accordance with the Articles of Association of the Company, at least one third (1/3) of the Directors shall retire from office at each Annual General Meeting (AGM) and each Director shall stand for re-election at least once every three (3) years. Directors appointed by the Board are subject to election by shareholders at the next AGM held following their appointments.

## B. DIRECTORS' REMUNERATION

The Remuneration Committee that had been set up by the Board comprises of two (2) Independent Non-Executive Directors and one (1) Executive Chairman. The members of this Committee are:-

- (a) Ian Ghee Eik Kai – Chairman
- (b) Dato' Lee Ah Chien @ Lee Ow Kim
- (c) Dato' Tan Yik Huay

The remuneration of Directors and senior management are determined at levels which will enable the Group to attract and retain the Directors and senior management needed to run the Group successfully. In the case of Executive Directors as well as senior management, they are to be appropriately rewarded giving due regard to the corporate and individual performance. The level of remuneration of Non-Executive Directors reflects their experience and level of responsibility undertaken by them.

## Corporate Governance Statement

The functions of the Committee shall include among others to recommend to the Board the framework of executive remuneration and its cost and the remuneration package for each Executive Director and senior management. The Committee also determines and recommends to the Board on the allowances to the Directors and senior management.

The recommendations of the Non-Executive Directors' remuneration is a matter for the Board as a whole subject to approval of shareholders at the AGM. Executive Directors and senior management are not involved in the deliberation and decisions on their respective remuneration packages.

During the financial year, the Remuneration Committee met at least once to review and recommend to the Board the remuneration packages and benefits including fees of the Directors as well as the senior management.

Details of remuneration of Directors of the Company is set out on page 44 of this Annual Report. The Board of Tenco is of the view that disclosure of the remuneration bands of the Directors is sufficient and the details of the remuneration of each Director are not disclosed for security and confidentiality reasons.

### C. SHAREHOLDERS

#### (i) Dialogue between Companies and Investors

The Board acknowledges the importance for shareholders to be informed of all material business and corporate matters affecting the Group. The Group's performance is reported quarterly to Bursa Securities and the yearly business review is disclosed in the Annual Report. Information is also disseminated in strict adherence to the disclosure requirements of Bursa Securities.

Apart from contacts at general meetings, there is no formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the Management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the Management is of the opinion that this arrangement has been satisfactory to all parties.

Any queries or concerns with regards to the Group may be conveyed to Dato' Lee Ah Chien @ Lee Ow Kim being the Senior Independent Non-Executive Director of the Company, at the following contact numbers:-

Telephone number : 03-5541 0612

Facsimile number : 03-5541 0132

#### (ii) Annual General Meeting (AGM)

The Company uses the AGM as the primary way of communicating with shareholders. The Annual Report together with the Notice of AGM are sent to shareholders at least twenty one (21) days before the date of the meeting. The Board members as well as the Auditors of the Company are present to respond to all questions raised by the shareholders at the meeting. Status of all resolutions proposed at the AGM are submitted to Bursa Securities at the end of the meeting day. Any special business included in the notice of general meeting will be accompanied by an explanatory statement of the effects of a proposed resolution.

### D. ACCOUNTABILITY AND AUDIT

#### (i) Financial Reporting

The Directors have the responsibility to present a balanced and fair assessment of the Group's position and prospects in the Annual Reports to shareholders and quarterly reports to Bursa Securities. The Audit Committee assists in reviewing the information for disclosure to ensure accuracy, adequacy and completeness. The Board is also responsible to ensure that the accounting records of the Group are properly kept.

#### (ii) Internal Control

The Internal Control Statement of the Tenco Group is set out on page 20 of this Annual Report.

#### (iii) Relationship with the Auditors

The role of the Audit Committee in relation to the External Auditors may be found in the Audit Committee Report on page 16 of this Annual Report. The Company has always and would continue to maintain a close and transparent relationship with its External Auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards.

## Additional Compliance Information

### 1. MATERIAL CONTRACTS

Save as disclosed in Note 35 (vi) of the financial statements on page 61 of this Annual Report, neither the Company nor any of its subsidiaries had entered into any material contract which involved Directors' and or/major shareholders' interest, either subsisting at the end of the financial year, or which were entered into since the end of the previous financial year.

### 2. SHARE BUY-BACK

During the financial year ended 31 March 2007, the Company did not have a scheme to buy back its own shares.

### 3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options were exercised during the financial year ended 31 March 2007. The Company has not issued any warrants or convertible securities in respect of the financial year under review.

### 4. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

The Company did not sponsor any ADR or GDR program in the financial year ended 31 March 2007.

### 5. IMPOSITION OF SANCTIONS AND PENALTIES

During the financial year under review, there were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Management arising from any significant breach of rules/guidelines/legislation by the relevant regulatory bodies.

### 6. NON AUDIT FEE

For the financial year ended 31 March 2007, the Group had paid a non statutory audit fee of RM40,000 to the External Auditors for a special audit in connection with the Group restructuring exercise.

### 7. VARIATION RESULTS

There is no significant variance in the Tenco's audited results for the financial year ended 31 March 2007 from the unaudited results as previously announced.

### 8. REVALUATION POLICY AND LANDED PROPERTY

The Group had not adopted any revaluation policy in relation to its landed properties.

### 9. PROFIT GUARANTEE

Refer to Note 30 of the financial statements on page 56 of this Annual Report.

## Responsibility Statement by the Board of Directors

The Directors of the Company are required to ensure that the financial statements of each financial year are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 March 2007, the Group has used suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements.

The Directors have responsibility for ensuring that the Group keeps sufficient accounting records which disclose with reasonable accuracy, the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

## Audit Committee Report

### MEMBERSHIP

The members of the Audit Committee (the "Committee") for the financial year ended 31 March 2007 are:

Dato' Lee Ah Chien @ Lee Ow Kim (Independent Non-Executive Director)	Chairman
Ian Ghee Eik Kai (Independent Non-Executive Director)	Member
Leong Chun Yin (Executive Director)	Member

### TERMS OF REFERENCE

#### 1. Composition

- a. The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall comprise of not less than three (3) members, a majority of whom shall be Independent Directors.
- b. At least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants or similar qualification as specified in Part I or Part II of the 1st Schedule of the Accountants Act, 1967 with at least three (3) years working experience.
- c. No Alternate Director is to be appointed as a member of the Committee.
- d. The members of the Committee shall elect a Chairman from among their numbers who shall be an Independent Director.
- e. If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- f. The term of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

#### 2. Authority

- a. The Committee is authorised to investigate any matter within its terms of reference and to seek any information it requires from any employees and all employees are directed to co-operate with any request made by the Committee.
- b. The Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- c. The Committee shall have unrestricted access to both the Internal and External Auditors and is able to convene meetings with the External Auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.



## Audit Committee Report

### 3. Functions

The functions of the Committee shall be amongst others:-

I. To review and report the following to the Board of Directors of the Company:-

- (a) the audit plan, with the External Auditors;
- (b) the audit report, with the External Auditors;
- (c) the assistance given by the employees of the Company to the External Auditors;
- (d) the internal audit function:-
  - (i) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (ii) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (iii) the evaluation of the system of internal controls, with the External Auditors.
- (e) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
  - (i) changes in or implementation of major accounting policy changes;
  - (ii) significant and unusual events; and
  - (iii) compliance with accounting standards, regulatory and other legal requirements.
- (f) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (g) any letter of resignation from the External Auditors of the Company;
- (h) whether there is reason (supported by grounds) to believe that the Company's External Auditors is not suitable for re-appointment;
- (i) matters arising from the audit with the External Auditors including any report or management letter thereon.

II. To recommend the nomination of a person or persons as External Auditors.

III. To carry out such other functions as may be agreed to by the Audit Committee and Board of Directors.

### 4. Meetings

- a. Meetings shall be held not less than four (4) times a year. The External Auditors may request a meeting by notifying the Secretaries if they consider it necessary.
- b. A quorum shall be two (2) members, majority of whom must be Independent Directors.
- c. The Chief Accountant, the head of Internal Audit and a representative of the External Auditors shall normally be invited to attend any meeting of the Committee. Other Board members and employees may also attend any particular Audit Committee meeting upon the invitation of the Committee.
- d. The Company Secretaries shall be the Secretaries of the Committee and will prepare and circulate the minutes of the meetings to the Committee members, the rest of the Board of Directors and External Auditors.

## Audit Committee Report

### MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31 MARCH 2007

Five (5) Committee meetings were held in the financial year and details of attendance of the Committee members are as follows:-

Member	Attendance
Dato' Lee Ah Chien @ Lee Ow Kim (Chairman)	5/5
Leong Chun Yin	5/5
Ian Ghee Eik Kai	5/5

Other Board members, Chief Accountant and representatives of the External Auditors were present by invitation to brief the Committee on specific issues, with the Company Secretaries in attendance.

### ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

During the financial year, the Committee carried out its duties as set out in its terms of reference. The Committee reviewed the unaudited quarterly financial statements and audited annual financial statements of the Group to ensure compliance with approved accounting standards and adherence to other regulatory requirements prior to submission to the full Board for consideration and approval.

The Committee also assessed the significant issues set out in the management letter arising from the audit of the Group by the External Auditors for the year and seeks clarification and explanations from Management of the Company on issues noted in the audit reports.

The proposed audit fees for the External Auditors in respect of their audit of the Group and the Company had been reviewed by the Committee who had also considered the re-appointment of the External Auditors for recommendation to the shareholders for approval.

In performing its functions, the Committee reviewed the internal control system of the Group and made recommendations to the Board and Management on improvement of internal controls, procedures and systems and other matters noted by the Committee.

### INTERNAL AUDIT

During the year, the Internal Auditor assisted the Audit Committee with the review and evaluation of the adequacy and effectiveness of the internal control systems of the Group. Reports on audit findings together with recommended action plans were presented to the Audit Committee for review and implementation. Currently, the internal auditor's office is vacant and the management is seeking a suitable candidate to fill the vacancy.

## Chairman's Statement

With unwavering focus and after protracted negotiation with the nine (9) lenders, the long overdue term loans and interest were resolved with a cash settlement from an off-shore bridging loan in October 2006. This has enabled the Company to move forward to submit a restructuring scheme to the Securities Commission. Approval was received in May 2007 and the restructuring exercise is targeted to complete by the end of September 2007. On completion, the company will have a healthy Balance Sheet. An application will then be made to Bursa Malaysia Securities Berhad to lift the Company out of PN17 status.

### Financial Review

For the financial year ending March 2007, the Group recorded a turnover of RM67.8 million compared with RM66.2 million in the previous financial year, an improvement of 2.4 percent despite of the lack of working capital and increasing tough market environment, particularly with the flood of imports from low cost countries. The Group registered an operational profit RM1.8 million compared to the RM1.5 million in the previous year. After taking in account, the interest charge and the write back of the interest on the settlement of the term loans and other adjustments, the profit after tax for the Group was RM13.6 million compared to a loss of RM1.2 million in the previous year.

During the year, insufficient fund for working capital continue to impose constraints on the operation resulting inability to take up business opportunities.

### Business Review

The Strategic Business Group (SBG) which was adopted three (3) years ago has provided flexibility and ability to response speedily to market changes. Further, the tightening of controls on stock level, debtors' level and operational procedures improve productivity, reduce cost and/or contain running expenses.

**Cooling Technologies and Electronics:** The imports from low cost countries in the highly competitive domestic market has caused turnover for the year to remain almost the same level as that of the previous year, at RM24.8 million. Revenue from engineering products and special chemicals recorded improvement and this was the main thrust during the period under review.

**Adhesive and Hardware:** Revenue for the period was RM20.6 million and contributed positively despite the escalating raw material cost. Productivity and product quality improvement plus aggressive marketing were adopted to attain the result.

**Polymer and Coatings:** Compared to the previous year, revenue grew by 11 percent to RM22.4 million. The growth come from both the domestic and export markets. Greater focus and effort were channeled to develop niche products and markets, which command better margin.

### Future Prospects

With the resilient Malaysian economy and with the prospect of continuous growth in the coming years plus the recent incentives given to the construction sector, there will be opportunities for the Group to recapture its lost market shares and generate higher revenues. The settlement of term loans with the lenders has substantially lightened the interest burden of Group. Completion of the restructuring exercise will provide adequate fund for working capital. For the financial year ending March 2008, the Group is expected to show improved performance with positive results.

### Acknowledgement

On behalf of the Board of Directors, I wish to thank our shareholders, associates, customers, suppliers, bankers and the various authorities for their understanding and continued support. Also I would like to record our gratitude and thanks to our Management and staff who have worked hard and diligently to improve the performance of the Group.

To all my fellow directors, I wish to express my appreciation for their invaluable advice, sacrifices and contributions to the Group.

**Dato' Tan Yik Huay**  
Executive Chairman

## Internal Control Statement

### Introduction

Pursuant to paragraph 15.27(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements, the Board of Directors of Tenco Berhad is pleased to provide the following statement on the state of Internal Control of the Group and its subsidiaries for the financial year ended 31 March 2007, which has been prepared in accordance with the "Statement on Internal Control – Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and adopted by the Bursa Securities.

### Board Responsibility

The Board acknowledges its overall responsibility for maintaining a sound system of Internal Control, and for reviewing its adequacy and integrity to safeguard shareholders' investment and the Company's assets. The review of the Group's system of Internal Control is a concerted and continuing process. In the pursuit of this objective, the Directors are aware that the system of Internal Control are designed to manage rather than eliminate the risk of failure to achieve the Group's objectives and can only provide reasonable and not absolute assurance against material mis-statement or loss.

### Key Elements Of Internal Control

The principal features of the Group's system of Internal Control can be summarized as follows:

#### (a) Reporting and Review of Financial Performance

Scheduled meetings are held at operational and management levels to identify, discuss and resolve business and operational matters. Monthly and quarterly review of financial results and forecasts are held for all business within the Group. Operational and financial performance are regularly monitored with formulation of action plans to address any areas of concern. Quarterly, interim and full year results of the Group's state of affairs are disclosed to the shareholders after review and approval by the Board.

#### (b) Staffing Policies

Policies and procedures on hiring and training scheme of staff have been established at Group level with individual business group having the flexibility to adapt these policies for their specific needs. Staffs are guided on where and how they can contribute their knowledge and skills through continuously upgrade to meet the demand of their working requirements.

#### (c) Authority and Accountability Levels

The Group has a well defined organization structure with clear lines of accountability, approval and control procedures to provide a sound framework within the organization in facilitating proper decision making at the appropriate authority levels of management including matters that require Board approval.

#### (d) Internal Control

The Group monitors Internal Control compliance through management review and periodic check by audit personnel. Weaknesses and non-compliance are reported to the Audit Committee together with recommendation for improvement.

### Risk Management Framework

The process of identifying, evaluating and managing the key risks within the Group are an integral part of the Internal Controls framework. The Board has reviewed risk management process of certain identified business entities within the Group and acknowledges that effective risk management is an integral part of good business management practice.

The process of risks assessment and management is an ongoing process which is being carried out at each level of operations. This process is monitored by the Board to ensure the adequacy and integrity of the system of Internal Controls.

Management is responsible for the identification, evaluation and mitigation of risks applicable to their areas of business with the assistance of properly designed and implementation of Internal Controls processes. Management reports findings on a regular basis to the Audit Committee, who will assess the report on behalf of the Board. Senior Management reports to the Board on significant changes in the business environment that present new risks to the business entities within the Group.

The Board will continue to pursue its objective of identifying and management of risks associated with the operation of the Group and to take the necessary measures to strengthen its Internal Controls as a way of ensuring the success of the business of the Group.

## Group Financial Highlights

### GROUP FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 MARCH 2007

Revenue	Profit Before Taxation	Profit After Taxation	Shareholders' Funds	Earnings Per Share
67,764,278	14,250,335	13,572,049	15,541,624	26.0

### FIVE YEARS' FINANCIAL PERFORMANCE

#### Revenue

Year	RM
2003	59,172,772
2004	59,612,344
2005	61,441,841
2006	66,226,638
2007	67,764,278

#### Profit/(Loss) Before Taxation

Year	RM
2003	(4,224,904)
2004	(3,737,653)
2005	(1,368,112)
2006	(620,906)
2007	14,250,335

#### Shareholders' Funds

Year	RM
2003	8,959,427
2004	4,739,253
2005	3,236,984
2006	1,848,638
2007	15,541,624

#### Earnings/(Loss) Per Share (Sen)

Year	SEN
2003	(8.4)
2004	(7.3)
2005	(2.9)
2006	(2.3)
2007	26.0



## Directors' Report for the year ended 31st March 2007

### DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2007

The Directors present their report and the audited financial statements of the Group and of the Company for the year ended 31st March 2007.

#### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding whilst the principal activities of the subsidiary companies are disclosed in note 11 to the financial statements.

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

FINANCIAL RESULTS	Group RM	Company RM
Profit/(Loss) for the year after taxation	13,572,049 =====	(5,788,665) =====

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

#### DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend for the current financial year ended 31st March 2007.

#### RESERVES AND PROVISIONS

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

#### ISSUE OF SHARES

During the financial year, no issue of shares was made by the Company.

#### OPTIONS GRANTED OVER UNISSUED SHARES

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

#### DIRECTORS

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

DATO' TAN YIK HUAY	
DATO' LEE AH CHIEN @ LEE OW KIM	
IAN GHEE EIK KAI	
KWAN SWEE KEONG	
LEONG CHUN YIN	
WONG KENG SHIN	
DATO' NG KEK KIONG	- Appointed on 8.12.06
NG FUNG MO	- Appointed on 8.12.06

The following Directors retire in accordance with the Company's Articles of Association and being eligible, offer themselves for re-election :

- (i) Article 88                      Dato' Tan Yik Huay and Leong Chun Yin
- (ii) Article 95                     Dato' Ng Kek Kiong and Ng Fung Mo



## Directors' Report for the year ended 31st March 2007

- e) As at the date of this report there does not exist :-
  - i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
  
- f) In the opinion of the Directors :-
  - i) no contingent liability or other liabilities has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due;
  - ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

Significant events during the financial year are disclosed in note 35 to the financial statements.

### **AUDITORS**

The auditors, Tai, Yapp & Co., have expressed their willingness to continue in office.

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

DATO' TAN YIK HUAY

LEONG CHUN YIN

Shah Alam

Dated: 29th June 2007

**Consolidated Income Statement** for the year ended 31st March 2007

	Note	2007 RM	2006 RM
Revenue	6	67,764,278	66,226,638
Cost of sales		<u>(55,238,466)</u>	<u>(53,686,230)</u>
Gross profit		12,525,812	12,540,408
Other income		28,594,772	625,362
Direct expenses		(35,337)	(30,682)
Distribution costs		(848,424)	(708,353)
Administrative expenses		(6,791,540)	(6,358,338)
Other expenses		<u>(17,279,383)</u>	<u>(4,542,150)</u>
Profit from operations		16,165,900	1,526,247
Finance costs		<u>(1,915,565)</u>	<u>(2,147,153)</u>
<b>Profit/(Loss) before taxation</b>	7	14,250,335	(620,906)
Taxation	8	(678,286)	(564,741)
<b>Profit/(Loss) after taxation</b>		<u><u>13,572,049</u></u>	<u><u>(1,185,647)</u></u>
Earnings/(Loss) per ordinary share (sen) - Basic	9	<u><u>26.0</u></u>	<u><u>(2.3)</u></u>

The accompanying notes form an integral part of the financial statements.

**Income Statement** for the year ended 31st March 2007

	Note	2007 RM	2006 RM
Revenue	6	-	-
Other income		3,899,393	75
Administrative expenses		(239,275)	(94,751)
Other expenses		<u>(8,924,907)</u>	<u>(52,488,947)</u>
Loss from operations		(5,264,789)	(52,583,623)
Finance costs		<u>(475,876)</u>	<u>(107,727)</u>
<b>Loss before taxation</b>	7	(5,740,665)	(52,691,350)
Taxation	8	(48,000)	(42)
<b>Loss after taxation</b>		<u><u>(5,788,665)</u></u>	<u><u>(52,691,392)</u></u>

The accompanying notes form an integral part of the financial statements.



# Consolidated Balance Sheet

31st March 2007

	Note	2007 RM	2006 RM
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	6,975,123	9,451,652
Investments	12	580,650	580,650
Goodwill on consolidation	13	1,556,476	2,057,366
		<u>9,112,249</u>	<u>12,089,668</u>
<b>CURRENT ASSETS</b>			
Inventories	14	11,526,512	11,226,880
Trade receivables	15	18,524,253	18,866,299
Other receivables, deposits and prepayments	16	1,854,875	1,123,407
Tax recoverable		421,644	525,954
Fixed deposits with licensed banks	18	5,853,808	3,944,154
Cash and bank balances		2,778,983	2,139,489
		<u>40,960,075</u>	<u>37,826,183</u>
<b>TOTAL ASSETS</b>		<u><u>50,072,324</u></u>	<u><u>49,915,851</u></u>
<b>EQUITY</b>			
Share capital	19	52,200,000	52,200,000
Reserves	20	(36,658,376)	(50,351,362)
Total equity		<u>15,541,624</u>	<u>1,848,638</u>
<b>NON CURRENT LIABILITIES</b>			
Hire purchase payables	21	161,737	28,078
Deferred taxation	22	152,067	104,674
		<u>313,804</u>	<u>132,752</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	23	5,244,685	6,268,232
Bills payable	24	2,677,794	2,996,339
Other payables and accruals	25	14,999,735	13,807,477
Hire purchase payables	21	30,577	8,594
Restructured term loans	26	-	24,459,688
Bridging loans	27	11,103,500	-
Taxation		160,605	394,131
		<u>34,216,896</u>	<u>47,934,461</u>
Total liabilities		<u>34,530,700</u>	<u>48,067,213</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>50,072,324</u></u>	<u><u>49,915,851</u></u>

The accompanying notes form an integral part of the financial statements.

**Balance Sheet** 31st March 2007

	Note	2007 RM	2006 RM
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	2,959	3,967
Investments in subsidiary companies	11	12,495,986	9,834,995
		<u>12,498,945</u>	<u>9,838,962</u>
<b>CURRENT ASSETS</b>			
Other receivables, deposits and prepayments	16	1,104,178	8,488
Amount owing by subsidiary companies	17	1,154,460	1,600,174
Tax recoverable		-	143,221
Fixed deposits with a licenced bank	18	2,007,475	-
Cash and bank balances		61,732	25,476
		<u>4,327,845</u>	<u>1,777,359</u>
<b>TOTAL ASSETS</b>		<u>16,826,790</u>	<u>11,616,321</u>
<b>EQUITY</b>			
Share capital	19	52,200,000	52,200,000
Reserves	20	(51,002,001)	(45,213,336)
Total equity		<u>1,197,999</u>	<u>6,986,664</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	25	573,613	957,312
Amount owing to subsidiary companies	17	3,951,678	2,325,755
Restructured term loans	26	-	1,346,590
Bridging loans	27	11,103,500	-
		<u>15,628,791</u>	<u>4,629,657</u>
Total liabilities		15,628,791	4,629,657
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>16,826,790</u>	<u>11,616,321</u>

The accompanying notes form an integral part of the financial statements.

# Consolidated Statement Of Changes In Equity

for the year ended 31st March 2007

	Non-Distributable		Distributable		Total Equity
	Share Capital	Translation Adjustment Account	Reserve on Consolidation	Accumulated Losses	
	RM	RM	RM	RM	RM
Balance at 1st April 2005	52,200,000	(7,062)	522,284	(49,478,238)	3,236,984
Currency translation differences	-	(202,699)	-	-	(202,699)
Net loss not recognised in the income statement	-	(202,699)	-	-	(202,699)
Net loss for the year	-	-	-	(1,185,647)	(1,185,647)
Balance at 31st March 2006	52,200,000	(209,761)	522,284	(50,663,885)	1,848,638
Currency translation differences	-	120,937	-	-	120,937
Net profit not recognised in the income statement	-	120,937	-	-	120,937
Effects of adopting FRS 3	-	-	(522,284)	522,284	-
Net profit for the year	-	-	-	13,572,049	13,572,049
Balance at 31st March 2007	52,200,000	(88,824)	-	(36,569,552)	15,541,624

The accompanying notes form an integral part of the financial statements.

## Statement Of Changes In Equity for the year ended 31st March 2007

	<b>Non Distributable</b>	<b>Distributable</b>	
	<b>Share</b>	<b>Retained earnings/</b>	
	<b>Capital</b>	<b>Accumulated</b>	<b>Total</b>
	<b>RM</b>	<b>Losses</b>	<b>Equity</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance at 1st April 2005	52,200,000	7,478,056	59,678,056
Net loss for the year	-	(52,691,392)	(52,691,392)
Balance at 31st March 2006	52,200,000	(45,213,336)	6,986,664
Net loss for the year	-	(5,788,665)	(5,788,665)
Balance at 31st March 2007	<u>52,200,000</u>	<u>(51,002,001)</u>	<u>1,197,999</u>

The accompanying notes form an integral part of the financial statements.

## Consolidated Cash Flow Statement for the year ended 31st March 2007

	<b>2007</b>	<b>2006</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	14,250,335	(620,906)
Adjustments for :-		
Waiver of term loan principal and interest	(4,673,108)	-
Property, plant and equipment written off	213,795	26,664
Inventories - allowance and written off	4,869	89,023
Amortisation of goodwill on consolidation	-	685,288
Depreciation and amortisation of property, plant and equipment	856,506	996,894
Gain on disposal of property, plant and equipment	(33,221)	(1,930)
Foreign exchange translation	124,408	7,795
Advances to a subsidiary company written off	15,211	-
Deconsolidation of subsidiary companies	(22,925,305)	-
Interest expense	1,915,565	2,096,924
Interest income	(124,035)	(97,445)
Gain on disposal of subsidiary company (net of impairment)	(15,214)	-
Specific allowance for doubtful debts	147,048	54,621
Allowance for doubtful debts - deconsolidated subsidiary company	11,554,632	-
Dividend income	(423,441)	(216,460)
Impairment loss of goodwill	500,890	-
Operating profit before working capital changes	1,388,935	3,020,468
Increase in inventories	(304,501)	(538,550)
Increase in receivables	(13,610,940)	(2,565,661)
Increase/(Decrease) in payables	15,264,814	(94,611)
Cash generated from/(absorbed in) operations	2,738,308	(178,354)
Interest paid	(604,559)	(318,194)
Interest received	124,035	97,445
Tax paid	(761,121)	(512,472)
Net cash provided by/(used in) operating activities	1,496,663	(911,575)



## Consolidated Cash Flow Statement for the year ended 31st March 2007

	Note	2007 RM	2006 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash outflow on deconsolidation of subsidiary companies	28	(46,852)	-
Placement of fixed deposits		(1,909,654)	(326,630)
Proceeds from disposal of subsidiary company	29	2	-
Proceeds from disposal of property, plant and equipment		41,139	3,926
Purchase of property, plant and equipment	(b)	(134,842)	(959,118)
Dividend received		423,441	216,460
Net cash used in investing activities		(1,626,766)	(1,065,362)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of hire purchase payables		(15,358)	(20,805)
Repayment of restructured term loans		(10,000,000)	-
(Decrease)/Increase in bills payable		(318,545)	1,400,459
Drawdown of bridging loans		11,103,500	-
Net cash provided by financing activities		769,597	1,379,654
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		639,494	(597,283)
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>		2,139,489	2,736,772
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>		2,778,983	2,139,489
<b>Note :-</b>			
<b>(a) Cash and cash equivalents :-</b>			
Cash and bank balances		2,778,983	2,139,489
<b>(b) Property, Plant and Equipment</b>			

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM305,842 (2006 : RM959,118) of which RM171,000 (2006 : Nil) was acquired by means of hire purchase. Cash payment of RM134,842 (2006 : RM959,118) were made to purchase property, plant and equipment.

The accompanying notes form an integral part of the financial statements.

**Cash Flow Statement** for the year ended 31st March 2007

	<b>2007</b>	<b>2006</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(5,740,665)	(52,691,350)
Adjustments for :-		
Allowance for advances to subsidiary companies	-	9,266,368
Allowance for doubtful debts written back		
- related companies	(4,697)	-
Allowance for doubtful debts - deconsolidated subsidiary companies	6,945,011	-
Advances to a subsidiary company written off	8,367	23,258,170
Gain on disposal of subsidiary companies (net of impairment)	(1)	-
Impairment loss on investment in subsidiary companies	-	19,564,875
Investment in deconsolidated subsidiary company written off (net of impairment)	1	-
Depreciation of property, plant and equipment	1,008	1,010
Interest expenses	475,876	107,727
Interest income	(7,475)	-
Reversal of impairment loss on investment in subsidiary company	(2,460,999)	-
Waiver of term loan principal and interest	(1,411,148)	-
Operating loss before working capital changes	(2,194,722)	(493,200)
(Increase)/Decrease in receivables	(7,598,657)	312,202
Increase in payables	1,760,462	188,706
Cash (absorbed in)/generated from operations	(8,032,917)	7,708
Tax refunded	95,221	-
Interest received	7,475	-
Interest paid	(380,207)	(9,802)
Net cash used in operating activities	(8,310,428)	(2,094)

**Cash Flow Statement** for the year ended 31st March 2007

	<b>2007</b> <b>RM</b>	<b>2006</b> <b>RM</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of additional share in subsidiary companies	(199,994)	-
Proceeds from disposal of subsidiary company	2	-
Net cash used in investing activities	(199,992)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of restructured term loans	(549,349)	-
Drawdown of bridging loans	11,103,500	-
Placement of fixed deposit	(2,007,475)	-
Net cash provided by financing activities	8,546,676	-
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	36,256	(2,094)
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	25,476	27,570
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<u>61,732</u>	<u>25,476</u>
<b>Note :</b>		
<b>Cash and cash equivalents :-</b>		
Cash and bank balances	<u>61,732</u>	<u>25,476</u>

The accompanying notes form an integral part of the financial statements.

## Notes To The Financial Statements 31st March 2007

### 1. GENERAL INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia. It is listed on the Second Board of Bursa Malaysia Securities Berhad.

The Company's registered office and principal place of business are at No. 5, Jalan Pelabur 23/1, 40300 Shah Alam, Selangor Darul Ehsan.

### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems, insurance programme and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Company does not hold or issue derivative financial instruments for trading purposes.

#### 2.1 Foreign Currency Risk

Foreign currency risk arises as the Group engages in transactions that are denominated in foreign currencies, mainly United States Dollar, Singapore Dollar and Canada Dollar. In addition, the Group is exposed to foreign currency movements on its investments in foreign subsidiary companies.

#### 2.2 Liquidity Risk

The liquidity risk of the Group is minimal as it maintains adequate working capital to meet its obligations as and when they fall due.

#### 2.3 Interest Rate Risk

The Group's exposure to interest rate fluctuations is in respect of :

- a) fixed deposits with licensed banks that attracts interest income.
- b) hire purchase obligations of which the interest rate is fixed.
- c) bill payables of which the interest rates vary with reference to the base lending rates of the bank.
- d) bridging loans of which the interest rates vary with reference to London Inter-Bank Offering rate and the Bank's effective cost of funds respectively.

However, the fluctuation in interest rates, if any, is not expected to have a material impact on the financial performance of the Group.

#### 2.4 Credit Risk

This involves the risk that counter parties may be unable to meet the terms of their agreements. The Group has no major concentration of credit risk and the Group manages these risks by monitoring credit evaluations and limiting the aggregate exposure to any counter party.

The Group places its cash and fixed deposits with creditworthy financial institutions.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represent the Group's exposure to credit risk.

## Notes To The Financial Statements 31st March 2007

### 3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

#### 3.1 Statement of Compliance

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on 29th June 2007.

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. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The significant accounting policies adopted by the Group and the Company are consistent with those adopted in previous years except for the adoption of the following new / revised Financial Reporting Standards ("FRS") effective for the financial year from 1st April 2006 :

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above revised FRS does not result in significant changes in accounting policies of the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new / revised FRSs are discussed below:

#### **FRS 3: Business Combinations; FRS 136: Impairment of Assets and FRS 138: Intangible Assets**

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138.

The adoption of these new FRS has resulted in a change in the accounting policy for goodwill. After initial recognition, FRS 3 requires goodwill acquired in business combinations to be carried at cost less accumulated impairment losses. FRS 3 prohibits the amortisation of goodwill. Prior to 31st March 2006, goodwill was carried at cost less accumulated amortisation and impairment losses. It was amortised on a straight-line basis over a period of ten years effective from the acquisition date.

In accordance with FRS 3, the Group has applied the revised accounting policy for goodwill commencing 1st April 2006. Goodwill ceased to be amortised and is now tested for impairment annually or more frequently if events and circumstances indicate that it might be impaired.

This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1st April 2006. The transitional provisions of FRS 3 require the Group to eliminate the carrying amount of the accumulated amortisation against the carrying amount of goodwill. The carrying amount of goodwill as at 1st April 2006 of RM2,057,366 ceased to be amortised. This has the effect of reducing the amortisation charges by RM685,288 in the current year. In accordance with FRS 3, the impairment loss in respect of the goodwill of RM500,890 has been charged to the income statement.



## Notes To The Financial Statements 31st March 2007

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after the assessment, is now recognised immediately in the income statement. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1st April 2006 of RM522,284 was derecognised with a corresponding decrease in accumulated losses.

### 3.2 Basis of Measurement

The financial statements of the Group have been prepared under the historical cost convention and other measurement basis otherwise indicated in the respective accounting policies as set out below.

### 3.3 Functional and Presentation Currency

The financial statements of the Group are presented in Ringgit Malaysia (RM), which is the company's functional currency.

### 3.4 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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the respective notes.

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

#### (a) Deferred Tax Assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance together with future tax planning strategies.

#### (b) Useful lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition the estimation of the useful lives of property, plant and equipment are based on internal evaluation and experience with similar assets. It is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimates useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Share Capital

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

### 4.2 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.

## Notes To The Financial Statements 31st March 2007

### 4.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the aggregate of fair values of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination.

The difference between the acquisition price and the fair values of the subsidiary companies' net assets acquired is reflected as goodwill or negative goodwill. Goodwill is stated at cost less accumulated impairment losses. It is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Negative goodwill is recognised immediately in the income statement.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair values of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will :

- (a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- (b) recognise immediately in profit or loss any excess remaining after that reassessment.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated income statement.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

Minority interest represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

### 4.4 Subsidiary Companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

### 4.5 Investments

Investments in unquoted shares and transferable Club Memberships which are held as long term investments are stated at cost less impairment losses, if any.

## Notes To The Financial Statements 31st March 2007

### 4.6 Property, Plant and Equipment

Freehold land is stated at cost less impairment losses, if any and is not depreciated. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in the income statement as incurred.

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.

Depreciation is calculated to write off the cost of other property, plant and equipment on a straight-line basis over the estimated useful lives of the assets concerned. The principal annual depreciation rates used for this purpose are as follows :-

	%
Buildings	2
Short term leasehold land	over the remaining lease period
Furniture, fixtures, fittings and office equipment	10 – 20
Plant and equipment	10 – 20
Vehicles	20
Store equipment	10

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

### 4.7 Income Taxes

Income taxes 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.

### 4.8 Impairment of Assets

The carrying amount of the Group's and Company's assets other than inventories, assets arising from construction contracts, deferred tax asset and financial assets (other than investment in subsidiaries, associates and joint ventures) are reviewed for impairment where there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts and the impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

The impairment loss is charged to the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus account to the extent of the surplus credited from the previous revaluation for the same assets with the excess of the impairment loss

## Notes To The Financial Statements 31st March 2007

charged to the income statement. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the assets that would have been determined had no impairment loss been recognised. The reversal is recognised in the income statement immediately except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

The impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

### 4.9 Foreign Currencies Conversion

#### 4.9.1 Transactions in Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates ruling at the time of transactions or at contracted rates where applicable. Foreign currency assets and liabilities are converted at the exchange rates ruling at the balance sheet date. All exchange differences are dealt with in the income statement.

#### 4.9.2 Translation of Foreign Currency Financial Statements

Assets and liabilities of foreign subsidiary companies are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date and the results of foreign subsidiary companies are translated at the average rate of exchange for the year. Exchange differences arising from the retranslation of the opening net investments in foreign subsidiary companies and from the translation of the results of those subsidiary companies at the average rate are dealt with through the Translation Adjustment Account.

The exchange rates ruling at balance sheet date used for each unit of foreign currencies to Ringgit Malaysia are as follows :-

	Average Rate		Year End	
	2007	2006	2007	2006
1 United States Dollar	3.45	3.75	3.47	3.68
1 Singapore Dollar	2.30	2.25	2.27	2.27
1 Canadian Dollar	3.16	3.16	2.97	3.18
1 Sterling Pound	6.78	6.57	6.85	6.43
1 Euro Dollar	4.60	4.51	4.65	4.48

### 4.10 Inventories

Inventories are stated at the lower of cost and net realisable value after due allowances are made for damaged, obsolete and slow moving items. Cost is principally determined on weighted average basis.

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

The cost of raw materials includes the original purchase price and the incidental expense incurred in bringing the inventories to their present location and condition. The cost of work in progress and finished goods include the cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

### 4.11 Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and due allowances are made for any debts considered to be doubtful of collection.

### 4.12 Intangible Assets

#### 4.12.1 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. 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 measured at cost and is no longer amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment.



## Notes To The Financial Statements 31st March 2007

### 4.12.2 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed off in the income statement in the year it is incurred.

However, if future economic benefit from development activities are probable and measurable, the related development cost is capitalised and tested for impairment annually or more frequently if events and circumstances indicate that it might be impaired.

### 4.13 Property, Plant and Equipment Under Hire Purchase Arrangements

Property, plant and equipment acquired under hire purchase arrangements are capitalised in the financial statements and are depreciated in accordance with the policy set out on 4.6 above. The corresponding outstanding obligations due under the hire purchase after deducting financial expenses are included as liabilities in the financial statements. Finance expenses are charged to the income statement based on constant periodic rate of interest on the remaining hire-purchase liabilities.

### 4.14 Revenue Recognition

Revenue of the Group and of the Company are recognised on the following basis :

- 4.14.1 Revenue from sale of goods are recognised upon the delivery of goods and customer's acceptance.
- 4.14.2 Revenue from services are recognised upon the services rendered.
- 4.14.3 Dividend income is recognised when the right to receive payment has been established.
- 4.14.4 Product commission, interest income, rental income and management fees are recognised on accrual basis.

### 4.15 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances and highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

### 4.16 Segment Information

Segment information is presented in respect of the Group's business and geographical segments. The primary segment information is in respect of business segments as the Group risk and rates of return are affected predominantly by differences in the products it produces, while the secondary information is reported geographically.

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 finance cost and corporate administration 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.

### 4.17 Provision for Liabilities

Provision for liabilities are recognised when the Group has present obligations as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### 4.18 Employee Benefit Costs

#### Short term benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and paid sick leave are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

Short term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

#### Defined contribution plan

Contributions to the Employees' Provident Fund are charged to the income statement in the year to which they relate.



## Notes To The Financial Statements 31st March 2007

### 4.19 Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 4.20 Financial Instruments

#### 4.20.1 Financial instruments recognised on the balance sheet

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

The accounting policies for financial instruments are disclosed in the individual policies associated with each item.

#### 4.20.2 Disclosure of fair values

The Group's financial instruments are accounted for under the historical cost convention. Fair value represents the amount at which an asset could be exchanged, or a liability settled, between willing parties in an arm's length transaction.

#### Methodologies

The methodologies and assumptions used in ascertaining the fair values depend on the terms and risk characteristics of the instruments and are briefly set out below.

#### Amounts owing by/(to) subsidiary companies

It is not practical to estimate the fair values of the above amounts due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs.

#### Other financial assets and liabilities

The fair values of the other financial assets and liabilities maturing within twelve months are stated at approximately the carrying value as at the balance sheet date.

## 5. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding whilst the principal activities of the subsidiary companies are disclosed in note 11 to the financial statements.

## 6. REVENUE

### Group

Revenue represents invoiced value of goods sold less returns and contract manufacturing services rendered.

These represent :	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Sales of goods	67,716,584	66,109,104	-	-
Contract manufacturing services	47,694	117,534	-	-
	-----	-----	-----	-----
	67,764,278	66,226,638	-	-
	=====	=====	=====	=====

## Notes To The Financial Statements 31st March 2007

### 7. PROFIT/(LOSS) BEFORE TAXATION

This is stated after charging :-	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Directors' fees	40,000	30,000	40,000	30,000
Directors' remuneration	1,359,048	1,335,082	-	-
Auditors' remuneration				
- current year	75,285	76,264	9,000	9,000
- underprovision in prior year	2,900	1,000	-	-
Depreciation of property, plant and equipment	766,180	877,737	1,008	1,010
Amortisation of short term leasehold land	22,301	22,301	-	-
Property, plant and equipment written off	213,795	26,664	-	-
Amortisation of goodwill on consolidation	-	685,288	-	-
Interest expense on :				
- Restructured term loans	1,295,190	1,956,775	71,305	107,727
- Hire purchase	5,686	6,438	-	-
- Bills payable	219,042	133,711	-	-
- Bridging loan	396,023	-	396,023	-
- Advances from a subsidiary company	-	-	8,548	-
- Others	(376)	-	-	-
Allowance for doubtful debt				
- deconsolidated subsidiary company	11,554,632	-	6,945,011	-
Specific allowance for doubtful debts	147,048	54,621	-	-
Allowance for advances to subsidiary companies	-	-	-	9,266,368
Advances to subsidiary companies written off	15,211	-	8,367	23,258,170
Rental of premises	89,248	226,381	-	-
Investment in deconsolidated subsidiary company written off (net of impairment)	-	-	1	-
Research and development expenditure				
- depreciation of property, plant and equipment	68,025	96,856	-	-
- rental paid to a company in which one of the Directors has substantial interest	60,000	60,000	-	-
- direct attributable costs	964	8,728	-	-
Management fee	5,634	5,634	2,817	-
Inventories - allowance and written off	4,869	89,023	-	-
Impairment loss on investment in subsidiary companies	-	-	-	19,564,875
Impairment loss on goodwill	500,890	-	-	-
	=====	=====	=====	=====
And crediting :-				
Allowance for doubtful debts written back	-	-	4,697	-
Deconsolidation of subsidiary companies	22,925,305	-	-	-
Gain on disposal of subsidiary company (net of impairment)	15,214	-	1	-
Reversal of impairment loss on investment in subsidiary company	-	-	2,460,999	-
Waiver of term loan principal and interest	4,673,108	-	1,411,149	-
Gross dividend income	423,441	216,460	-	-
Interest income	124,035	97,445	7,475	-
Gain on disposal of property, plant and equipment	33,221	1,930	-	-
Realised gain on foreign exchange	347,211	59,758	15,073	-
	=====	=====	=====	=====

# Notes To The Financial Statements

31st March 2007

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>DIRECTORS' REMUNERATION</b>				
<b>Executive</b>				
Fees	24,000	12,000	24,000	12,000
Salaries and other emoluments	1,188,906	1,165,256	-	-
Pension costs				
- defined contribution plans	170,142	169,826	-	-
	<u>1,383,048</u>	<u>1,347,082</u>	<u>24,000</u>	<u>12,000</u>
	=====	=====	=====	=====
<b>Non-Executive</b>				
Fees	16,000	18,000	16,000	18,000
	=====	=====	=====	=====

The Directors' remuneration during the financial year ended 31st March 2007 fall within the following bands :-

Range of remuneration RM	No. of Executive Directors	No. of Non-Executive Directors
Below 50,000	1	-
Between 50,001 and 200,000	6	-
Between 200,001 and 250,000	2	-
	<u>9</u>	<u>-</u>
Total	=====	=====

## 8. TAXATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Based on the results for the year :-				
<b>Current Tax</b>				
Malaysian Income Tax	713,000	626,100	48,000	-
<b>Deferred taxation</b>				
Relating to originating/ (reversal) of temporary differences (note 22)	47,393	(103,326)	-	-
	<u>760,393</u>	<u>522,774</u>	<u>48,000</u>	<u>-</u>
<b>(Over)/Underprovision in prior years</b>				
Malaysian Income Tax	(82,107)	41,967	-	42
	<u>678,286</u>	<u>564,741</u>	<u>48,000</u>	<u>42</u>
	=====	=====	=====	=====

## Notes To The Financial Statements 31st March 2007

### Reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rate :-

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Profit/(Loss) before taxation</b>	14,250,335	(620,906)	(5,740,665)	(52,691,350)
<b>Tax at Malaysian statutory tax rate of 27% (2006 : 28%)</b>	3,847,591	(173,854)	(1,549,980)	(14,753,578)
Effect of different tax rates in other countries	-	(2,527)	-	-
Income not subject to tax	(7,579,170)	(6,817,130)	(1,004,795)	-
Non allowable expenses	4,787,306	7,908,667	2,602,775	14,753,578
Deferred tax assets not recognised	128,361	382,363	-	-
Utilisation of prior years capital allowances and tax losses	(353,695)	(732,285)	-	-
Effects of tax incentive				
- Reduction in statutory tax rate on chargeable income of up to RM500,000	(70,000)	(42,418)	-	-
- Double deduction	-	(42)	-	-
(Over)/Underprovision in prior years	760,393	522,774	48,000	-
	(82,107)	41,967	-	42
<b>Tax expense for the year</b>	678,286	564,741	48,000	42

Based on the estimated tax credit available, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends of approximately RM4,607,300 (2006 : RM4,258,000) out of its future profit without incurring additional tax liability.

The Group and the Company have potential deferred tax assets not taken up in the financial statements under the liability method in respect of the following deductible temporary differences :

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unabsorbed tax losses	(4,541,500)	(41,999,930)	-	-
Other temporary differences	(618,900)	(581,679)	(6,721)	(6,131)
	(5,160,400)	(42,581,609)	(6,721)	(6,131)

The above deferred tax assets are available indefinitely for offset against future taxable profit of the subsidiary companies in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset future taxable profit of other subsidiary companies in the Group and they have arisen in subsidiary companies that have a recent history of losses.

### 9. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share :-

The basic earnings/(loss) per ordinary share for the financial year has been calculated based on the consolidated profit/(loss) after tax divided by the weighted average number of ordinary shares in issue during the financial year.

	2007 RM	2006 RM
Consolidated profit/(loss) after tax	13,572,049	(1,185,647)
Weighted average number of ordinary shares in issue	52,200,000	52,200,000
Basic earnings/(loss) per ordinary share (sen)	26.0	(2.3)

## Notes To The Financial Statements 31st March 2007

## 10. PROPERTY, PLANT AND EQUIPMENT

Group	As at 1.4.06	Translation Adjustments	Additions	(Disposals)	(Written off)	(Deconsolidation of subsidiaries)	As at 31.03.07
Cost	RM	RM	RM	RM	RM	RM	RM
Freehold land	779,918	(905)	-	-	-	(362,012)	417,001
Freehold building	1,900,446	(428)	-	-	-	(1,702,672)	197,346
Long term leasehold building	564,605	-	-	-	-	(564,605)	-
Short term leasehold land	686,115	-	-	-	-	-	686,115
Short term leasehold building	5,469,625	-	-	-	-	-	5,469,625
Furniture, fixtures, fittings and office equipment	4,090,889	(376)	81,510	(26,610)	(620,424)	(2,765)	3,522,224
Plant and equipment	10,120,622	(504)	8,832	(366,299)	(1,023,633)	-	8,739,018
Vehicles	811,678	-	213,000	(188,365)	-	(358,886)	477,427
Store equipment	7,990	-	2,500	-	-	-	10,490
	24,431,888	(2,213)	305,842	(581,274)	(1,644,057)	(2,990,940)	19,519,246

Accumulated Depreciation	As at 1.4.06	Translation Adjustments	Depreciation charge	(Disposals)	(Written off)	(Deconsolidation of subsidiaries)	As at 31.03.07
	RM	RM	RM	RM	RM	RM	RM
Freehold land	92,336	-	-	-	-	(92,336)	-
Freehold building	699,138	228	19,278	-	-	(650,206)	68,438
Long term leasehold building	182,381	-	5,186	-	-	(187,567)	-
Short term leasehold land	358,760	-	22,301	-	-	-	381,061
Short term leasehold building	1,591,758	-	109,392	-	-	-	1,701,150
Furniture, fixtures, fittings and office equipment	2,373,907	508	381,228	(23,771)	(413,610)	(1,266)	2,316,996
Plant and equipment	8,938,697	522	266,491	(366,287)	(1,016,652)	-	7,822,771
Vehicles	742,649	-	51,685	(183,298)	-	(358,884)	252,152
Store equipment	610	-	945	-	-	-	1,555
	14,980,236	1,258	856,506	(573,356)	(1,430,262)	(1,290,259)	12,544,123

## Notes To The Financial Statements 31st March 2007

	Net Book Value		Depreciation Charge	
	2007 RM	2006 RM	2007 RM	2006 RM
Freehold land	417,001	687,582	-	-
Freehold building	128,908	1,201,308	19,278	31,932
Long term leasehold building	-	382,224	5,186	8,889
Short term leasehold land	305,054	327,355	22,301	22,301
Short term leasehold building	3,768,475	3,877,867	109,392	109,392
Furniture, fixtures, fittings and office equipment	1,205,228	1,716,982	381,228	408,023
Plant and equipment	916,247	1,181,925	266,491	363,790
Vehicles	225,275	69,029	51,685	51,957
Store equipment	8,935	7,380	945	610
	=====	=====	=====	=====
	6,975,123	9,451,652	856,506	996,894
	=====	=====	=====	=====

  

Company	As at 1.4.06	Additions	As at 31.03.07
	RM	RM	RM
Cost			
Office equipment	10,099	-	10,099
	=====	=====	=====
	As at 1.4.06	Depreciation Charge	As at 31.03.07
	RM	RM	RM
Accumulated Depreciation			
Office equipment	6,132	1,008	7,140
	=====	=====	=====

  

	Net Book Value		Depreciation Charge	
	2007 RM	2006 RM	2007 RM	2006 RM
Office equipment	2,959	3,967	1,008	1,010
	=====	=====	=====	=====

The issuance of title deeds of the short term leasehold land and building of a subsidiary company is pending.

The cost and net book value of the landed properties of the Group which have been pledged to the financial institutions under the restructured term loans as mentioned in note 26 are as follows :

	Cost		Net Book Value	
	2007 RM	2006 RM	2007 RM	2006 RM
Long term leasehold building	-	564,605	-	382,224
Freehold land and building	-	864,684	-	715,628
Short term leasehold land	-	686,115	-	327,355
Short term leasehold building	-	5,469,625	-	3,877,867
	-----	-----	-----	-----
	-	7,585,029	-	5,303,074
	=====	=====	=====	=====

Included in the above property, plant and equipment of the Group are vehicles under hire purchase arrangements with cost and net book values totalling RM244,009 (2006 : RM59,009) and RM201,054 (2006 : RM43,273) respectively.



## Notes To The Financial Statements 31st March 2007

### 11. INVESTMENTS IN SUBSIDIARY COMPANIES

	2007 RM	Company 2006 RM
Unquoted shares, at cost	25,470,006	32,130,012
Less :		
Dividends paid out of pre-acquisition reserves	(1,730,141)	(1,730,141)
<b>Impairment loss in value</b>		
At 1st April	(20,564,876)	(1,000,001)
Impairment loss during the year	-	(19,564,875)
Reversal of impairment loss	9,320,997	-
At 31st March	(11,243,879)	(20,564,876)
	-----	-----
	12,495,986	9,834,995
	=====	=====

The subsidiary companies are :-

Name Direct Subsidiary	Place of Incorporation	Effective Interest		Principal activities
		2007 %	2006 %	
Westech Sdn Bhd (Note a)	Malaysia	-	100	Importer of industrial chemicals, equipment, building products and consumer products
Tenco Industries Sdn Bhd	Malaysia	100	100	Sales and marketing of hardware related products
Wilron Products Sdn Bhd	Malaysia	100	100	Manufacturing of industrial adhesives, industrial chemicals, aerosol products and decorative paints
Ferndale Direct Sdn Bhd	Malaysia	100	100	Sales and marketing of air conditioning and refrigeration parts and supplies
Tenco Construction Sdn Bhd	Malaysia	100	100	Inactive
* Tenco Westech Industries Pte Ltd	Republic of Singapore	100	100	Sales and marketing of industrial chemicals, industrial adhesives, equipment, building products and aerosol products
Ridgemonde Chemicals & Resins Sdn Bhd	Malaysia	100	100	Polymerisation of synthetic latex for the paint, adhesive, wood and textile industries
Quality Coatings Sdn Bhd	Malaysia	100	100	Inactive
Iso Kimia (M) Sdn Bhd	Malaysia	100	100	Sales and marketing of maintenance chemicals and floor care products
Westech Chemicals Sdn Bhd	Malaysia	100	100	Sales and marketing of fluorochemicals
Vivaplus Paints Sdn Bhd	Malaysia	100	100	Inactive
Continental Series Sdn Bhd	Malaysia	100	100	Provision of management services
Fire-X Solutions Sdn Bhd	Malaysia	-	100	Inactive

## Notes To The Financial Statements 31st March 2007

Name Direct Subsidiary	Place of Incorporation	Effective Interest		Principal activities
		2007 %	2006 %	
<b>Subsidiary company held through Westech Sdn Bhd</b>				
Tenco Management Sdn Bhd (Note b)	Malaysia	-	100	Inactive
<b>Subsidiary company held through Tenco Westech Industries Pte Ltd</b>				
* Tenco Westech Industries Incorporated	Canada	100	100	Sales and marketing of synthetic resins and industrial adhesive

**Note:**

\* Audited by other firm of Chartered Accountants.

- (a) The company was placed under Creditors' Voluntary Winding Up on 26th October 2006. A liquidator was appointed on even date for this purpose.  
 (b) A wholly-owned subsidiary company of Westech Sdn Bhd which is under Creditors' Voluntary Winding Up.

**12. INVESTMENTS**

	Group	
	2007 RM	2006 RM
<b>Outside Malaysia</b>		
Unquoted shares, at cost	439,650	439,650
<b>In Malaysia</b>		
Transferable club memberships, at cost	141,000	141,000
	-----	-----
	580,650	580,650
	=====	=====
Transferable club memberships, at market value	150,000	150,000
	=====	=====

**13. GOODWILL ON CONSOLIDATION**

	Group	
	2007 RM	2006 RM
<b>Cost</b>		
At 1st April	7,251,065	7,251,065
Reclassification from accumulated amortisation	(5,193,699)	-
At 31st March	2,057,366	7,251,065
<b>Accumulated amortisation</b>		
At 1st April	(5,193,699)	(4,508,411)
Amortisation for the year	-	(685,288)
Reclassification to cost of goodwill	5,193,699	-
At 31st March	-	(5,193,699)
<b>Impairment losses</b>		
Impairment loss charge during the year	(500,890)	-
	-----	-----
	1,556,476	2,057,366
	=====	=====

## Notes To The Financial Statements 31st March 2007

### 14. INVENTORIES

	Group	
	2007 RM	2006 RM
At cost :		
Raw materials	2,789,185	2,944,828
Finished goods	6,511,777	6,302,581
Work in progress	120,298	80,972
Packing materials	273,599	425,823
Trading goods	1,831,653	1,472,676
	11,526,512	11,226,880
	11,526,512	11,226,880

### 15. TRADE RECEIVABLES

	Group	
	2007 RM	2006 RM
Total amount outstanding	19,102,854	20,112,864
Less :		
<b>Specific allowance for doubtful debts</b>		
At 1st April	(1,227,702)	(1,173,081)
Deconsolidation of subsidiary company	815,040	-
Allowance during the year	(147,076)	(54,621)
At 31st March	(559,738)	(1,227,702)
<b>General allowance for doubtful debts</b>	(18,863)	(18,863)
	18,524,253	18,866,299
	18,524,253	18,866,299

The credit terms of trade receivables range from 30 to 90 days. Other credit terms are assessed and approved on a case by case basis.

The trade receivables of the Group in the local and foreign denominated currencies are as follows :-

	2007 RM	2006 RM
Ringgit Malaysia	15,949,139	16,822,293
US Dollar	2,089,030	1,617,477
Singapore Dollar	294,015	286,993
Canada Dollar	192,069	139,536
	18,524,253	18,866,299
	18,524,253	18,866,299

## Notes To The Financial Statements 31st March 2007

### 16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Amount owing by subsidiary companies</b>				
Total amount outstanding	21,234,632	-	8,125,011	-
<b>Allowance for doubtful debts</b>				
At 1st April	-	-	-	-
Allowance during the year	(11,554,632)	-	(6,945,011)	-
Reclassification from amount owing by subsidiary/related companies	(8,590,000)	-	(90,000)	-
At 31st March	(20,144,632)	-	(7,035,011)	-
	-----	-----	-----	-----
	1,090,000	-	1,090,000	-
Other receivables	262,372	754,754	-	-
Deposits	136,911	179,883	1,000	1,000
Prepayments	365,592	188,770	13,178	7,488
	-----	-----	-----	-----
	1,854,875	1,123,407	1,104,178	8,488
	=====	=====	=====	=====

A subsidiary company, Westech Sdn Bhd ("WSB"), was placed under Creditors' Voluntary Winding Up on 26th October 2006. The Group has provided an allowance for doubtful debts of RM11,554,632 during the year. The Directors represented that the amount owing by WSB (net of allowance for doubtful debts) is recoverable.

The amount owing by WSB is partially secured, interest free and has no fixed terms of repayment.

Included in other receivables is an amount of RM249,604 (2006 : RM339,604) due from the vendors of shares of a subsidiary company in respect of the additional profit guarantee shortfall as disclosed in note 30.

### 17. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

	Company	
	2007 RM	2006 RM
Amount owing by subsidiary companies	10,323,628	10,870,881
Less :		
<b>Allowance for doubtful debts</b>		
At 1st April	(9,270,707)	(4,339)
Amount written off	6,843	-
Amount written back	4,696	-
Allowance during the year	-	(9,266,368)
Reclassification to other receivables	90,000	-
At 31st March	(9,169,168)	(9,270,707)
	-----	-----
	1,154,460	1,600,174
	=====	=====

The amount owing by/(to) subsidiary companies are unsecured, interest free and have no fixed terms of repayment except for an amount of RM2,000,000 (2006 : Nil) due to a subsidiary company which bears weighted average interest rate at 3% (2006 : Nil) per annum.

## Notes To The Financial Statements 31st March 2007

### 18. FIXED DEPOSITS WITH LICENSED BANKS

#### Company

The entire fixed deposits of the Company have been pledged to a financial institution for bridging loan facility granted to the Company as mentioned in note 27.

#### Group

Included in the fixed deposits are RM5,720,886 (2006 : RM3,806,325) which have been pledged to financial institutions for banking facilities granted to the Group as mentioned in note 24 and note 27.

### 19. SHARE CAPITAL

	Group and Company	
	2007 RM	2006 RM
Ordinary shares of RM1 each		
Authorised	100,000,000	100,000,000
Issued and fully paid	52,200,000	52,200,000

### 20. RESERVES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Non-Distributable</b>				
Translation Adjustment Account Reserve on consolidation	(88,824)	(209,761)	-	-
	-	522,284	-	-
	(88,824)	312,523	-	-
<b>Distributable</b>				
Accumulated losses	(36,569,552)	(50,663,885)	(51,002,001)	(45,213,336)
	(36,658,376)	(50,351,362)	(51,002,001)	(45,213,336)

### 21. HIRE PURCHASE PAYABLES

	Group	
	2007 RM	2006 RM
Total principal outstanding	192,314	36,672
Less : Repayable after the next twelve months shown under non current liabilities	(161,737)	(28,078)
Repayable within the next twelve months	30,577	8,594
Represented by :		
Minimum hire purchase payments :		
- Within one year	40,260	11,436
- After one year but not more than five years	135,302	31,442
- After five years	48,035	-
Less: Future interest charges	(31,283)	(6,206)
Present value of hire purchase liabilities	192,314	36,672



## Notes To The Financial Statements 31st March 2007

### 22. DEFERRED TAXATION

	2007 RM	Group 2006 RM
At 1st April	104,674	208,000
Recognised in income statement (note 8)	47,393	(103,326)
	-----	-----
At 31st March	152,067	104,674
	=====	=====

This represents components of deferred tax liabilities as at the balance sheet date as follows :-

	2007 RM	Group 2006 RM
Capital allowances claimed on property, plant and equipment in excess of the depreciation charge	152,067	104,400
Other temporary differences	-	274
	-----	-----
	152,067	104,674
	=====	=====

### 23. TRADE PAYABLES

#### Group

The credit terms of trade payables range from 30 to 60 days.

The trade payables of the Group in the local and foreign denominated currencies are as follows :-

	2007 RM	2006 RM
Ringgit Malaysia	5,061,331	5,997,839
US Dollar	135,449	217,482
Singapore Dollar	-	52,911
Canada Dollar	47,905	-
	-----	-----
	5,244,685	6,268,232
	=====	=====

### 24. BILLS PAYABLE

#### Group

This trade line facilities granted by the financial institutions to the subsidiary companies are secured against the Group's fixed deposits as mentioned in note 18. They bear weighted average interest rate at 8% (2006 : 8%) per annum.

### 25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
i) Other payables and accruals	12,071,853	3,775,258	567,313	406,310
ii) Accrued restructured term loan interest	-	10,003,819	-	542,602
iii) Companies in which the Directors have substantial interest	6,300	28,400	6,300	8,400
iv) Advance from investee company (Note 12)	2,921,582	-	-	-
	-----	-----	-----	-----
	14,999,735	13,807,477	573,613	957,312
	=====	=====	=====	=====

The amount in (iii) and (iv) above are unsecured, interest free and have no fixed terms of repayment.

## Notes To The Financial Statements 31st March 2007

### 26. RESTRUCTURED TERM LOANS

On 16th October 2006, the Company, together with its wholly-owned subsidiaries, namely, Westech Sdn Bhd, Wilron Products Sdn Bhd, Tenco Industries Sdn Bhd ("Borrowing Subsidiaries") entered into a Settlement Agreement with the Lenders and Malaysian Trustees Berhad ("MTB") (the Company, the Borrowing Subsidiaries, the Lenders and MTB shall collectively be referred to as "the Parties") for the Parties to record their mutual rights, duties and obligations in respect of the proposed assumption by the Company of the total indebtedness including the Borrowing Subsidiaries' indebtedness and the repayment of RM10 million ("the Settlement Sum") by the Company to the Lenders being full and final satisfaction of the total indebtedness and owing by the Company and each of the Borrowing Subsidiaries to the Lenders under the existing financing documents, as at the Settlement Date, being the date of the payment of the Settlement Sum to the Lenders.

The Settlement Sum was paid to the Lenders' Solicitors on 16th October 2006.

The Settlement Sum was financed through a bridging loan obtained by the Company, repayable by the Company in full together with interest thereon, being six (6) months London Inter-Bank Offering Rate plus two per cent (2%) less withholding tax within twelve (12) months after the date of full drawdown. The withholding tax deducted will be remitted to the Inland Revenue Board.

### 27. BRIDGING LOANS

	Group and Company	
	2007 RM	2006 RM
Bridging loan 1	10,103,500	-
Bridging loan 2	1,000,000	-
	-----	-----
	11,103,500	-
	=====	=====

The bridging loan 1 is secured by the corporate guarantee of the Company. It is repayable in full together with interest thereon, being six (6) months London Inter-Bank Offering Rate plus two percent (2%) (2006 : Nil) less withholding tax within twelve (12) months after the date of full drawdown. The withholding tax deducted will be remitted to the Inland Revenue Board.

The bridging loan 2 is secured by the Company's fixed deposits as mentioned in note 18. It is repayable within 9 months from the date of first drawdown of the facility or upon receipt of the proceeds from the proposed rights issue under the Proposed Restructuring Scheme, whichever is the earlier. It bears an interest rate at 1.25% above the bank's effective cost of funds for the agreed period.

### 28. DECONSOLIDATION OF SUBSIDIARY COMPANIES

On 26th October 2006, one of the subsidiary company Westech Sdn Bhd ("WSB") was placed under Creditors' Voluntary Winding Up and a liquidator was appointed on even date for this purpose. Accordingly, the Group has written off its investment and provided the allowance for doubtful debts for the advances to this subsidiary company. As Tenco Management Sdn Bhd ("TMSB") is a wholly owned subsidiary of WSB, the Group has deconsolidated the financial statements of WSB and TMSB accordingly.

## Notes To The Financial Statements 31st March 2007

The effects of the deconsolidation of subsidiary companies on the financial results of the Group are as follows :-

	<b>2007 RM</b>	<b>2006 RM</b>
Revenue	4,680,534	4,669,590
Cost of sales	(4,520,441)	(4,565,683)
	-----	-----
Gross profit	160,093	103,907
Other income	272,724	2,127,368
Direct expenses	(19,271)	(30,682)
Administrative expenses	(66,687)	(131,085)
Other expenses	(158,457)	(379,342)
	-----	-----
Profit from operations	188,402	1,690,166
Finance costs	(1,095,695)	(1,649,176)
	-----	-----
(Loss)/Profit before taxation	(907,293)	40,990
Taxation	-	-
	-----	-----
(Loss)/Profit after taxation	(907,293)	40,990
	=====	=====

The effects of the deconsolidation of subsidiary companies on the financial position of the Group are as follows :-

	<b>2007 RM</b>	<b>2006 RM</b>
Property, plant and equipment	1,700,681	1,721,565
Inventories	-	6,640
Trade and other receivables	1,508,999	15,805,115
Fixed deposits	-	1,191,254
Cash and bank balances	46,852	29,037
Trade and other payables	(43,751,895)	(37,947,713)
Short term borrowings	-	(20,393,969)
	-----	-----
Decreased in Group's net assets	(40,495,363)	(39,588,071)
Allowance for advances to deconsolidated subsidiary company	17,570,058	-
Deconsolidation of subsidiary companies	22,925,305	-
	-----	-----
Less : cash and cash equivalents	(46,852)	-
	-----	-----
Cash outflow on deconsolidation	(46,852)	-
	=====	=====

## Notes To The Financial Statements 31st March 2007

### 29. DISPOSAL OF INVESTMENT IN SUBSIDIARY COMPANY

On 25th July 2006, the Company disposed of 2 ordinary shares of RM1 each representing its entire equity interest in Fire-X Solutions Sdn Bhd for a total cash consideration of RM2.

The effects of disposal of subsidiary company on the financial results of the Group are as follows :-

	2007 RM	2006 RM
Revenue	-	-
Cost of sales	-	-
	-----	-----
Gross profit	-	-
Administrative expenses	(451)	(4,359)
Other expenses	(95)	(125)
	-----	-----
Loss from operations	(546)	(4,484)
Finance costs	-	-
	-----	-----
Loss before taxation	(546)	(4,484)
Taxation	-	-
	-----	-----
Loss after taxation	(546)	(4,484)
	=====	=====

The effects of disposal of subsidiary company on the financial positions of the Group are as follows :-

	2007 RM	2006 RM
Trade and other receivables	-	-
Trade and other payables	(15,212)	(14,666)
	-----	-----
Decrease in Group's net assets	(15,212)	(14,666)
Gain on disposal of subsidiary company	15,214	-
	-----	-----
Proceeds from disposal	2	-
	=====	=====

### 30. PROFIT GUARANTEE

The Company has taken legal action to recover the sum of RM27,302 each from the two affected vendors of Ridgemonde Chemicals & Resins Sdn Bhd for the shortfall in profit guarantee.

### 31. SEGMENTAL REPORTING

Segment information is presented in respect of the Group's business and geographical segments.

Inter segment pricing is determined on arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### By Business Segment

The Group's operations comprise the following main business segments :

Manufacturing	Manufacture of polymer, chemicals, adhesive, decorative coatings and related products
Trading	Sales of chemicals, adhesives, building materials, equipment and consumer products
Investment holding	Investment holding and provision of management services

# Notes To The Financial Statements

31st March 2007

2007	Manufacturing	Trading	Investment holding	Elimination	Consolidation
	RM	RM	RM	RM	RM
<b>Revenue</b>					
External sales	30,867,436	36,896,842	-	-	67,764,278
Inter-segment sales	11,030,666	5,097,031	2,580,000	(18,707,697)	-
	-----	-----	-----	-----	-----
Total	41,898,102	41,993,873	2,580,000	(18,707,697)	67,764,278
	=====	=====	=====	=====	=====
<b>Results</b>					
Segment results (external)	1,105,763	610,922	(5,509,325)	19,958,540	16,165,900
Finance costs					(1,915,565)
					-----
Profit before taxation					14,250,335
Tax expense					(678,286)
					-----
Net profit for the year					13,572,049
					=====
<b>Other information</b>					
Segment assets	35,751,869	40,230,399	17,969,100	(43,879,044)	50,072,324
					=====
Segment liabilities	26,354,265	46,018,633	17,180,566	(55,022,764)	34,530,700
					=====
Capital expenditure	228,245	47,038	30,559		305,842
Depreciation	326,302	414,782	115,422		856,506
Impairment loss on goodwill					500,890
Non-cash expenses other than depreciation and amortisation					
					11,935,555
					=====



## Notes To The Financial Statements 31st March 2007

2006	Manufacturing	Trading	Investment holding	Elimination	Consolidation
	RM	RM	RM	RM	RM
<b>Revenue</b>					
External sales	29,028,437	37,198,201	-	-	66,226,638
Inter-segment sales	10,550,658	5,763,597	2,580,000	(18,894,255)	-
<b>Total</b>	<b>39,579,095</b>	<b>42,961,798</b>	<b>2,580,000</b>	<b>(18,894,255)</b>	<b>66,226,638</b>
<b>Results</b>					
Segment results (external)	2,327,487	459,340	(575,292)	(685,288)	1,526,247
Finance costs					(2,147,153)
Loss before taxation					(620,906)
Tax expense					(564,741)
<b>Net loss for the year</b>					<b>(1,185,647)</b>
<b>Other information</b>					
Segment assets	29,340,896	82,583,111	12,933,400	(74,941,556)	49,915,851
Segment liabilities	20,064,359	106,169,947	6,161,662	(84,328,755)	48,067,213
Capital expenditure	372,160	548,041	38,917		959,118
Depreciation	255,607	617,948	123,339		996,894
Amortisation of goodwill					685,288
Non-cash expenses other than depreciation and amortisation					170,308

**By Geographical Segment**

The Group operates mainly in Malaysia and has sales office in Canada. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total assets and capital expenditures are based on the geographical location of assets.

	Revenue		Total Assets		Capital Expenditure	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM
Malaysia	65,860,035	64,749,834	48,020,695	48,018,583	302,924	955,748
Singapore	360,129	284,915	282,931	235,835	-	-
Canada	1,544,114	1,191,889	1,768,698	1,661,433	2,918	3,370
<b>Total</b>	<b>67,764,278</b>	<b>66,226,638</b>	<b>50,072,324</b>	<b>49,915,851</b>	<b>305,842</b>	<b>959,118</b>

## Notes To The Financial Statements 31st march 2007

### 32. FINANCIAL INSTRUMENTS

#### a) Credit Risk

As at 31st March 2007, the Group's credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group Management reporting procedures.

The Group has no significant concentration of credit risk and places its cash with creditworthy financial institutions.

#### b) Fair Values

The carrying amounts of the financial assets and liabilities of the Group and of the Company as at 31st March 2007 approximate their fair values on the balance sheet of the Group and of the Company except as set out below :-

	Group				Company			
	Carrying Amount		Fair Value		Carrying Amount		Fair Value	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM
<b>Financial Assets</b>								
Unquoted shares	439,650	439,650	*	*	-	-	-	-
Amount owing by subsidiary companies	-	-	-	-	1,154,460	1,600,174	#	#
	=====	=====	=====	=====	=====	=====	=====	=====
<b>Financial Liabilities</b>								
Amount owing to subsidiary companies	-	-	-	-	3,951,678	2,325,755	#	#
	=====	=====	=====	=====	=====	=====	=====	=====

\* It is not practicable to estimate the fair value of the unquoted shares because of the lack of quoted market prices and the ability to estimate the fair value without incurring excessive costs.

# It is not practical to estimate the fair values of the above amounts due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs.

### 33. SIGNIFICANT RELATED PARTY DISCLOSURES

#### a) Identities of related parties

Controlling related party relationships are as follows :-

- (i) Its subsidiary companies as disclosed in note 11 above.
- (ii) Substantial shareholder of the Company : Pristine Way Sdn Bhd
- (iii) Firm in which a Director has an interest : Ian Ghee & Associates

#### b) Transactions

	Company	
	2007 RM	2006 RM
<b>i) Firm in which a Director, Ian Ghee Eik Kai has interest</b>		
Ian Ghee & Associates		
Professional fee paid	27,300	23,000
	=====	=====
<b>ii) Subsidiary company, Ridgemonde Chemicals &amp; Resins Sdn Bhd</b>		
Interest on advances	8,548	-
	=====	=====

The Directors are of the opinion that the above transactions were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

## Notes To The Financial Statements 31st March 2007

### c) Balances in respect of non trade transaction

	Group	
	2007 RM	2006 RM
With a company in which Leong Chun Yin is a Director and has substantial interest :		
Pristine Way Sdn Bhd Amount owing to	-	20,000
	=====	=====
With a firm in which Ian Ghee Eik Kai has interest :		
Ian Ghee & Associates Amount owing to	6,300	8,400
	=====	=====

### 34. CONTINGENT LIABILITIES

	Company	
	2007 RM	2006 RM
<b>a) Unsecured :</b>		
(i) Corporate guarantees given to financial institutions for credit facilities granted to subsidiary companies		
- Principal	-	23,113,098
- Term loan interest	-	9,629,461
	-----	-----
	-	32,742,559
	=====	=====

### b) Pending Litigations

- (a) A Vendor has filed a claim at the High Court of Shah Alam on 29th July 1988 against Westech Sdn Bhd ("WSB") for the recovery of RM519,514 plus interest and costs for not completing the purchase of a boat. WSB denied the claim and filed a counter claim for the refund of a deposit of RM108,900 plus damages.

The Court has allowed the Vendor's application for Summary Judgement on 26th April 2001. The Notice of Appeal against the summary judgement was dismissed.

WSB was placed under Creditors' Voluntary Winding Up pursuant to Section 254(1) (a) of the Companies Act 1965 on 26th October 2006.

- (b) A Supplier has filed a claim at the High Court of Shah Alam against Westech Sdn Bhd ("WSB") for a principal sum of RM354,183 plus costs and interest of RM377,852 as at 31st August 2003 and further interest at the rate of 1.5% per month calculated from 1st September 2003 until date of full settlement. The principal sum claimed is for goods allegedly sold and delivered.

The Court has allowed the Supplier's application for Summary Judgement on 26th January 2005. WSB has filed the Notice of Appeal against the Summary Judgement and the next hearing and mention on the case has been fixed on 28th November 2006.

However, on 26th October 2006, WSB was placed under Creditors' Voluntary Winding Up pursuant to Section 254 (1) (a) of the Companies Act 1965.

- (c) A Supplier has initiated legal proceedings at the High Court of Kuala Lumpur against Quality Coatings Sdn Bhd ("QCSB") on 9th July, 2002 for the principal sum of RM926,270 plus costs and interest till date of full settlement. The principal sum claimed is for price of goods allegedly sold and delivered. QCSB maintains that the Supplier's claim (if any) is premature and misconceived.

The matter is now fixed for full trial on 11th and 12th July 2007.

No provision has been made for the above pending litigations as the Directors are of the opinion that the Group's chances of success in respect of the appeals, suits and counter claims are good.

## Notes To The Financial Statements 31st March 2007

### 35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 25th May 2006, the Company subscribed for a rights issue made by the subsidiary company, Westech Chemicals Sdn Bhd on the basis of 49,999 new ordinary shares for every existing ordinary shares held by the Company at an issue price of RM1 per share for a total cash consideration of RM99,998.

On 25th May 2006, the Company also subscribed for a rights issue made by another subsidiary company, Iso Kimia (M) Sdn Bhd on the basis of 24,999 new ordinary shares for every existing ordinary shares held by the Company at an issue price of RM1 per share for a total cash consideration of RM49,998.

- (ii) On 8th August 2006, the Company disposed of 2 ordinary shares of RM1 each representing its entire equity interest in Fire-X Solutions Sdn Bhd for a total cash consideration of RM2.

- (iii) On 16th October 2006, the Company, together with its wholly-owned subsidiaries, namely, Westech Sdn Bhd, Wilron Products Sdn Bhd, Tenco Industries Sdn Bhd ("Borrowing Subsidiaries") entered into a Settlement Agreement with the Lenders and Malaysian Trustees Berhad ("MTB") (the Company, the Borrowing Subsidiaries, the Lenders and MTB shall collectively be referred to as "the Parties") for the Parties to record their mutual rights, duties and obligations in respect of the proposed assumption by the Company of the total indebtedness including the Borrowing Subsidiaries' indebtedness and the repayment of RM10 million ("the Settlement Sum") by the Company to the Lenders being full and final satisfaction of the total indebtedness and owing by the Company and each of the Borrowing Subsidiaries to the Lenders under the existing financing documents, as at the Settlement Date, being the date of the payment of the Settlement Sum to the Lenders.

The Settlement Sum was paid to the Lenders' Solicitors on 16th October 2006.

The Settlement Sum was financed through a bridging loan obtained by the Company, repayable by the Company in full together with interest thereon, being six (6) months London Inter-Bank Offering Rate plus two per cent (2%) less withholding tax within twelve (12) months after the date of full drawdown. The withholding tax deducted will be remitted to the Inland Revenue Board .

- (iv) On 26th October 2006, one of the subsidiary company Westech Sdn Bhd ("WSB") was placed under Creditors' Voluntary Winding Up and a liquidator was appointed on even date for this purpose. Accordingly, the Group has written off its investment and provided the allowance for doubtful debts for the advances to this subsidiary company. As Tenco Management Sdn Bhd ("TMSB") is a wholly owned subsidiary of WSB, the Group has deconsolidated the financial statements of WSB and TMSB accordingly.

- (v) On 15th November 2006, the Company subscribed for a rights issue made by the subsidiary company, Continental Series Sdn Bhd on the basis of 24,999 new ordinary shares for every existing ordinary shares held by the Company at an issue price of RM1 per share for a total cash consideration of RM49,998.

- (vi) The Company ("Purchaser") entered into two separate Sale and Purchase Agreements both dated 28th November 2006 to acquire the shares of the following companies:

- a) 100% of the issued and paid up share capital of Malaysia-Beijing Travel Services Sdn Bhd ("MB Travel") comprising 2,000,000 ordinary shares of RM1.00 each for a consideration of RM11,800,000 to be satisfied by issuance of 11,800,000 new ordinary shares of RM1.00 each in the capital of the Purchaser credited as fully paid up. ("SPA 1").
- b) 100% of the issued and fully paid up share capital of MB Online Sdn Bhd ("MB Online") comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM1.00. ("SPA 2").

The Company had on 28th May 2007 received a letter from the Vendors of MB Travel and Vendors of MB Online of their intention not to sell their shares in MB Travel and MB Online respectively. After due consideration, the Board has agreed to a mutual termination of the SPA 1 and SPA 2 with effect from 28th May 2007 and thereafter, neither party shall have any claims against the other.

**Notes To The Financial Statements** 31st March 2007

- vii) At the Extraordinary General Meeting held on 28th February 2007, the shareholders of the Company ("Tenco") approved the following Proposed Restructuring Scheme :
- a) Proposed capital reconstruction involving a capital reduction of RM0.50 in each of the existing issued and fully paid up share of RM1.00 each and thereafter a capital consolidation on the basis of 2 ordinary shares of RM0.50 each into 1 ordinary share of RM1.00 each in Tenco ("Tenco Share").
  - b) Proposed renounceable rights issue of RM13,050,000 Tenco Shares ("Rights Shares") at an issue price of RM1.00 per Rights Share on the basis of 1 Rights Share for every 2 existing Tenco Shares held after the completion of the Proposed Capital Reconstruction, on an entitlement date to be identified later.
  - c) Proposed special issue of up to RM11,745,000 new Tenco Share, representing 30% of the enlarge share capital of Tenco after the completion of the Proposed Capital Reconstruction and the Proposed Rights Issues, to investors to be identified later.

On 11th May 2007, the Securities Commission ("SC") has via its letter approved the above Proposed Restructuring Schemes subject to certain conditions indicated in the letter.

The proposed capital reduction is subject to the confirmation of High Court of Malaya. The hearing for the petition for the reduction of capital has been fixed on 5th July 2007.



## Statement By Directors

We, DATO' TAN YIK HUAY and LEONG CHUN YIN, being two of the Directors of TENCO BERHAD, do hereby state on behalf of the Directors that, in our opinion, the financial statements set out on pages 25 to 62 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31ST MARCH 2007 and of their results, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

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

DATO' TAN YIK HUAY

LEONG CHUN YIN

Shah Alam  
Dated : 29th June 2007

### STATUTORY DECLARATION

I, POCK EVONNE, the officer primarily responsible for the accounting records and financial management of TENCO BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 25 to 62 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 above named POCK EVONNE at Kuala Lumpur  
in the Federal Territory on this 29th day of June 2007

POCK EVONNE

Before me,

CHAN LEONG CHOI  
No. W309

Pesuruhjaya Sumpah  
Malaysia

## Report Of The Auditors to the members of Tenco Berhad

We have audited the financial statements of Tenco Berhad of the Group and of the Company set out on pages 25 to 62. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on those 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 towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing. 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 that our audit provides a reasonable basis for our opinion.

In our opinion :-

- a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
  - (i) 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
  - (ii) the financial position of the Group and of the Company at 31st March, 2007, and of their results, changes in equity and cash flows of the Group and of the Company for the year ended on that date;

and

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

We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors and are indicated in Note 11 to the financial statements.

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 or any adverse comment made under Section 174(3) of the Act.

TAI, YAPP & CO  
AF: 0205  
Chartered Accountants

YAPP HOCK HOE  
No: 723/3/08 (J/PH)  
Partner

Kuala Lumpur  
Dated : 29th June 2007

## Analysis Of Shareholdings

### ANALYSIS OF SHAREHOLDINGS AS AT 20 JULY 2007

#### SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Fully Paid-up Capital	:	RM52,200,000.00
Class of securities	:	Ordinary shares of RM1.00 each
Voting rights	:	One vote per ordinary share held

### ANALYSIS OF SHAREHOLDINGS

Category	Number of Shareholders	%	Number of Shares Held	%
1 - 99	7	0.23	300	0.00
100 - 1,000	1,451	48.22	1,242,400	2.38
1,001 - 10,000	1,226	40.74	4,673,700	8.95
10,001 - 100,000	255	8.48	8,841,160	16.94
100,001 to less than 5% of issued shares	68	2.26	21,934,440	42.02
5% and above of issued shares	2	0.07	15,508,000	29.71
<b>Total</b>	<b>3,009</b>	<b>100.00</b>	<b>52,200,000</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS

(per Register of Substantial Shareholders)

Name	No. of ordinary shares of RM1.00 each held			
	Direct	%	Indirect	%
Leong Chun Yin	205,000	0.39	16,528,000 <sup>1</sup>	31.67
Trendy Approach Sdn Bhd	10,000,000	19.16	-	-
Pristine Way Sdn Bhd	6,528,000	12.51	-	-
Leong Pek Wha	-	-	6,528,000 <sup>2</sup>	12.51

Notes:-

<sup>1</sup> Deemed interested through Trendy Approach Sdn Bhd and Pristine Way Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

<sup>2</sup> Deemed interested through Pristine Way Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

### DIRECTORS' SHAREHOLDINGS

(per Register of Directors' Shareholdings)

Name	No. of ordinary shares of RM1.00 each held			
	Direct	%	Indirect	%
Dato' Tan Yik Huay	-	-	-	-
Dato' Lee Ah Chien @ Lee Ow Kim	-	-	-	-
Dato' Ng Kek Kiong	-	-	-	-
Leong Chun Yin	205,000	0.39	16,528,000 <sup>1</sup>	31.67
Kwan Swee Keong	406,200	0.78	-	-
Wong Keng Shin	217,000	0.42	-	-
Ian Ghee Eik Kai	-	-	-	-
Ng Fung Mo	-	-	-	-

Notes:-

<sup>1</sup> Deemed interested through Trendy Approach Sdn Bhd and Pristine Way Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

## Analysis Of Shareholdings

### 30 LARGEST SHAREHOLDERS

(per Record of Depositors)

Name	No. of Shares Held	%
1. Trendy Approach Sdn Bhd	10,000,000	19.16
2. Amsec Nominees (Tempatan) Sdn Bhd <i>Qualifier: Lee Perara &amp; Tan for Pristine Way Sdn Bhd</i>	5,508,000	10.55
3. Said Bin Ahmad	2,486,000	4.76
4. Pristine Way Sdn Bhd	1,020,000	1.95
5. Yuen Yew Kok	938,300	1.80
6. TA Nominees (Tempatan) Sdn Bhd <i>Qualifier: Pledged securities account for Chai Nam Kiong</i>	826,300	1.58
7. Chu Poi Tee	745,000	1.43
8. Sharifah Asiah Binti Syed Aziz Baftim	725,000	1.39
9. Leung Yoke Lin @ Leong Chong Lin	651,000	1.25
10. Fan Wai Fong	640,000	1.23
11. Lai Siew Khim	564,000	1.08
12. Shirley De Costa	543,900	1.04
13. Lai Ming Chun @ Lai Poh Lin	500,000	0.96
14. Devayani Janette Velerie A/P R Suppiah	477,360	0.91
15. Amsec Nominees (Tempatan) Sdn Bhd <i>Qualifier: Wilken Industries Sdn Bhd (GZ0112)</i>	431,000	0.83
16. Woo Soo Yin	407,100	0.78
17. Tang Soon Chye	400,000	0.77
18. Gerald Glesphy A/L G.M Perara	393,000	0.75
19. Liong Kwai Kiew	383,200	0.73
20. Soong Mun Wai	340,000	0.65
21. Loke Yew Hing @ Loke Kew Moi	330,000	0.63
22. Tan Seng Kee	314,000	0.60
23. Ng Kooi Ten @ Ooi Hooi Tin	309,000	0.59
24. Gan Hock Leong	300,000	0.57
25. Choo Hong Chuan	300,000	0.57
26. Chew Leong Chai	291,000	0.56
27. Chan Yok Luin	257,000	0.49
28. Lim Soo Gaik	253,000	0.48
29. Choo Mei Ying	250,000	0.48
30. HLG Nominee (Tempatan) Sdn Bhd <i>Qualifier: Pledged securities account for Chan Siew Ngan</i>	226,100	0.43
	<u>30,809,260</u>	<u>59.02</u>

Note : Without aggregating securities from different securities accounts belonging to the same person

## Particulars Of Properties

### PROPERTIES OF THE GROUP AS AT 31 MARCH 2007

Location	Description & Usage	Age of Building	Land Area/ Built Up	Tenure	Net Book Value (RM)	Acquisition Date
<b>Tenco Industries Sdn Bhd</b> No. 5, Jalan Pelabur 23/1 40300 Shah Alam Selangor Darul Ehsan	Office/ Factory	15 years	149,149/ 54,319 sq ft	Leasehold expiring 30 years ending 20 Oct 2019	4,073,529	26/10/1989
<b>Tenco Westech Industries Inc</b> # 348-13988 Cambie Road Richmond, B.C., Canada	Office/ Warehouse	14 years	2,116 sq ft	Freehold	545,909	05/12/1995

## Form Of Proxy

I/We, ..... NRIC/Company No. ....  
(PLEASE USE BLOCK LETTERS)

of .....  
(FULL ADDRESS)

being a member(s) of TENCO BERHAD hereby appoint .....

of .....

or failing whom, ..... of .....  
or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty Third Annual General Meeting of the Company to be held at No. 5 Jalan Pelabur 23/1, 40300 Shah Alam, Selangor Darul Ehsan on Friday, 7 September 2007 at 10.30 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

Resolutions	Subject	*For	*Against
1	To receive the Audited Financial Statements for the financial year ended 31 March 2007 and Reports of the Directors and Auditors thereon.		
2	To re-elect Dato' Tan Yik Huay as Director of the Company.		
3	To re-elect Mr. Leong Chun Yin as Director of the Company.		
4	To re-elect Dato' Ng Kek Kiong as Director of the Company.		
5	To re-elect Mr. Ng Fung Mo as Director of the Company.		
6	To re-appoint Messrs Tai Yapp & Co. as auditors of the Company.		
	<b>Special Business: –</b>		
7	To approve the payment of Directors' fees.		
8	To approve the authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
9	To approve the Proposed Amendments to the Articles of Association of the Company.		
10	To approve the Proposed Change of Name of the Company.		

\*Please indicate with an "X" in the appropriate spaces how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Signed this ..... day of ..... 2007

No. of shares held

Signature/ Common Seal of Shareholder

### Notes:-

- (i) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, then the proxy shall be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia. The provision of Section 149(1)(b) of the Companies Act, 1965 shall apply to the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (iii) A member shall be entitled to appoint more than one proxy. A member who appoints two (2) proxies shall specify the proportion of his shareholdings to be represented by each proxy.
- (iv) The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at No. 5 Jalan Pelabur 23/1, 40300 Shah Alam, Selangor Darul Ehsan, not less than 48 hours before the time set for holding this meeting or any adjournment thereof.





