



Financial Statements

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Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, letting of properties and provision of management services.

The principal activities of the subsidiaries are stated in Note 15 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the year	41,450,700	11,459,975
Attributable to:		
Equity holders of the Company	35,184,445	11,459,975
Minority interests	6,266,255	-
	41,450,700	11,459,975

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of the new and revised FRSs which has resulted in an increase in the Group's profit for the year attributable to equity holders of the Company, by RM1,812,301 as disclosed in Note 2.3(f) to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 July 2006 were as follows:

	RM
In respect of the financial year ended 31 July 2006:	
Second interim dividend of 5% less 28% taxation, on 66,087,300 ordinary shares declared on 22 September 2006 and paid on 15 November 2006	2,379,142
Special dividend of 10% less 28% taxation, on 66,087,300 ordinary shares declared on 22 September 2006 and paid on 15 November 2006	4,758,286
Final dividend of 6% tax exempt, on 65,488,656 ordinary shares declared on 28 December 2006 and paid on 30 January 2007	3,929,319
	<u>11,066,747</u>

- At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 July 2007, of 3 sen per share less 26% taxation will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2008.
- The Board of Directors has declared a share dividend distribution on the basis of one (1) treasury share for every fifty (50) existing ordinary shares held by entitled shareholders on 9 January 2008, subject to the approval from Bursa Malaysia Depository Sdn. Bhd.

DIRECTORS

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

Tan Sri Dato' Mohd Sheriff bin Mohd Kassim
 Lim Teck Meng
 Lim Peng Jin
 Lim Peng Cheong
 Wong Mook Weng
 Cham Chean Fong @ Sian Chean Fong
 Tan Beng Chai
 Dato' Hazimah binti Zainuddin

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DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1 Each			
	1 August 2006	Acquired	Disposed	Before Share Split
Scientex Incorporated Berhad				
Direct				
Tan Sri Dato' Mohd Sheriff bin Mohd Kassim	37,000	34,000	(20,000)	51,000
Lim Teck Meng	25,000	-	-	25,000
Lim Peng Jin	40,000	-	-	40,000
Tan Beng Chai	39,000	5,000	-	44,000
Wong Mook Weng	410,000	67,400	-	477,400
Indirect				
Lim Teck Meng	28,634,744	10,937,600	(8,137,000)	31,435,344
Lim Peng Cheong	25,155,658	11,388,800	(8,137,000)	28,407,458
Lim Peng Jin	25,209,244	11,526,800	(8,137,000)	28,599,044

	Number of Ordinary Shares of RM0.50 Each				
	After Share Split	Bonus Issue	Acquired	Disposed	31 July 2007
Direct					
Tan Sri Dato' Mohd Sheriff bin Mohd Kassim	102,000	51,000	-	(1,000)	152,000
Lim Teck Meng	50,000	25,000	-	-	75,000
Lim Peng Jin	80,000	40,000	-	-	120,000
Tan Beng Chai	88,000	44,000	-	-	132,000
Wong Mook Weng	954,800	477,400	-	-	1,432,200
Indirect					
Lim Teck Meng	62,870,688	31,435,344	1,173,600	-	95,479,632
Lim Peng Cheong	56,814,916	28,407,458	873,500	-	86,095,874
Lim Peng Jin	57,198,088	28,599,044	873,500	-	86,670,632

	Number of Ordinary Shares of RM1 Each			
	1 August 2006	Acquired	Disposed	31 July 2007
Scientex Packaging Berhad				
Direct				
Tan Sri Dato' Mohd Sheriff bin Mohd Kassim	108,100	-	(16,200)	91,900
Lim Teck Meng	7,600	-	-	7,600
Lim Peng Jin	1,056,070	-	-	1,056,070
Tan Beng Chai	5,000	-	-	5,000
Wong Mook Weng	3,000	-	-	3,000

Continued

DIRECTORS' INTERESTS (CONT'D)

	Number of Ordinary Shares of RM1 Each			31 July 2007
	1 August 2006	Acquired	Disposed	
Scientex Packaging Berhad				
Indirect				
Lim Teck Meng	49,411,986	297,900	-	49,709,886
Lim Peng Cheong	50,380,686	350,900	-	50,731,586
Lim Peng Jin	50,447,386	297,900	-	50,745,286
Scientex Trading Sdn. Bhd.				
Direct				
Lim Teck Meng	300	-	-	300

	Exercise Price	Number of Warrants "B" 2000/2006*			31 July 2007
		1 August 2006	Acquired	Disposed/ Exercised/ Expired	
Scientex Incorporated Berhad					
Direct					
Lim Teck Meng	RM2.49	82,000	-	(82,000)	-
Lim Peng Jin	RM2.49	8,000	-	(8,000)	-
Tan Beng Chai	RM2.49	5,000	-	(5,000)	-
Wong Mook Weng	RM2.49	67,400	-	(67,400)	-
Indirect					
Lim Teck Meng	RM2.49	4,387,000	2,842,000	(7,229,000)	-
Lim Peng Cheong	RM2.49	2,630,000	3,064,400	(5,694,400)	-
Lim Peng Jin	RM2.49	2,978,000	3,024,400	(6,002,400)	-

* Warrants "B" 2000/2006 expired on 4 December 2006.

Lim Teck Meng, Lim Peng Jin and Lim Peng Cheong by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares, warrants and options over shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company subdivided the par value of its existing shares of RM1.00 each to RM0.50 each and altered its authorised capital of RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each into RM200,000,000 comprising 400,000,000 ordinary shares of RM0.50 each pursuant to a share split.

The total issued and paid-up share capital of the Company was also increased from RM63,525,100 to RM100,000,000, after taking into account the cancellation of treasury shares, by way of:

- (i) new issues of 8,393,656 ordinary shares of RM1.00 each arising from the conversion of Warrants "B" 2000/2006 at an exercise price of RM2.49 per share.
- (ii) a bonus issue of 63,650,956 ordinary shares of RM0.50 each on the basis of one new ordinary share for every two ordinary shares held through the capitalisation of retained profits and share premium of RM15,896,273 and RM15,929,205, respectively.

The new ordinary shares issued during the financial year rank pari passu in all respect with the existing ordinary shares of the Company.

Continued

TREASURY SHARES

On 28 December 2006, the shareholders of the Company renewed the Company's proposal to repurchase its own shares of up to 10% of its total issued and paid-up share capital.

During the financial year ended 31 July 2007, the Company repurchased 7,920,000 ordinary shares of RM1.00 each and 1,163,300 ordinary shares of RM0.50 each from the open market. The total consideration paid for the repurchase including transaction costs was RM27,399,598. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

The Company also cancelled 1,918,756 treasury shares of RM1.00 each and 3,650,956 treasury shares of RM0.50 each during the financial year.

As at 31 July 2007, the Company held 10,210,432 of its 200,000,000 issued and paid-up capital as treasury shares. None of the treasury shares held were resold during the financial year.

WARRANTS

The warrants 2000/2006 are constituted by a Deed Poll dated 17 July 2000 executed by the Company. The warrants were listed on Bursa Malaysia Securities Berhad on 12 September 2000.

On 18 August 2000, a total of 10,396,776 SIB Warrants 1996/2001 representing 85.65% of the total SIB Warrants 1996/2001 in issue had been surrendered by the warrant holders for cancellation and replaced with SIB Warrants 2000/2006 ("Warrant B"). The remaining 1,741,824 SIB Warrants 1996/2001 which have not been surrendered ("Warrant A") will remain listed on the Main Board of Bursa Malaysia Securities Berhad based on existing terms, and will remain valid until expiry of exercise period that is extended to 4 December 2006.

The salient features and other terms of the warrants 2000/2006 are set out in Note 22(b) to the financial statements.

The subscription rights of the Warrant A and Warrant B expired on 4 December 2006 pursuant to the terms stipulated in the Deed Poll and the supplemental deed polls.

The movement in the Company's warrants during the financial year were as follows:

	Exercise Price	1 August 2006	Exercised	Expired	31 July 2007
Warrant A	RM4.26	1,741,824	-	(1,741,824)	-
Warrant B	RM2.49	8,960,076	(8,393,656)	(566,420)	-

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Continued

OTHER STATUTORY INFORMATION (CONT'D)

- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and 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 of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 October 2007.

LIM TECK MENG

LIM PENG JIN

Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Lim Teck Meng and Lim Peng Jin, being two of the directors of Scientex Incorporated Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 45 to 106 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 October 2007.

LIM TECK MENG

LIM PENG JIN

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Chang Siew Sian, being the officer primarily responsible for the financial management of Scientex Incorporated Berhad, do solemnly and sincerely declare that the financial statements set out on pages 45 to 106 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Chang Siew Sian at
Shah Alam in the State of Selangor
Darul Ehsan on 26 October 2007

CHANG SIEW SIAN

Before me,
Hj Jaafar Hj Bahaman (B171)
Commissioner for Oaths
Shah Alam

Report Of The Auditors

To The Members Of Scientex Incorporated Berhad (Incorporated in Malaysia)

We have audited the financial statements set out on pages 45 to 106. 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 the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 July 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
26 October 2007

KUA CHOO KAI
No. 2030/03/08(J)
Partner

Consolidated Income Statement

For the year ended 31 July 2007

	Note	2007 RM	2006 RM
Revenue	3	613,091,500	586,315,822
Cost of sales	4	(533,052,723)	(488,463,419)
<hr/>			
Gross profit		80,038,777	97,852,403
Other income		15,006,817	16,420,531
Selling and distribution expenses		(25,067,503)	(26,714,636)
Administrative expenses		(26,213,499)	(40,091,155)
<hr/>			
Operating profit		43,764,592	47,467,143
Finance costs	5	(4,275,456)	(3,708,774)
Share of profit of associates		729,567	289,687
<hr/>			
Profit before taxation	6	40,218,703	44,048,056
Income tax benefit/(expense)	9	1,231,997	(6,562,899)
<hr/>			
Profit for the year		41,450,700	37,485,157
<hr/>			
Attributable to:			
Equity holders of the Company		35,184,445	28,472,491
Minority interests		6,266,255	9,012,666
<hr/>			
		41,450,700	37,485,157
<hr/>			
Earnings per share attributable to equity holders of the Company (sen):			
Basic	10	18	15

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

Consolidated Balance Sheet

As at 31 July 2007

	Note	2007 RM	2006 RM
ASSETS			
Non-current assets			
Property, plant and equipment	12	195,373,556	194,908,543
Land held for property development	13	112,408,739	109,296,293
Prepaid land lease payments	14	34,411,533	38,404,242
Investment in associates	16	14,498,796	13,813,029
Other investments	17	3,389,896	4,396,624
Intangible assets	18	1,639,969	2,088,292
		361,722,489	362,907,023
Current assets			
Property development costs	13	23,432,109	24,232,996
Inventories	19	69,966,914	60,858,447
Trade and other receivables	20	106,257,644	117,903,640
Cash and bank balances	21	29,364,879	25,909,642
		229,021,546	228,904,725
TOTAL ASSETS		590,744,035	591,811,748
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	22	100,000,000	63,525,100
Reserves		184,602,764	204,552,567
		284,602,764	268,077,667
Minority interests		102,172,892	99,954,929
Total equity		386,775,656	368,032,596
Non-current liabilities			
Borrowings	23	14,157,044	23,984,518
Retirement benefit obligations	24	345,673	249,844
Deferred tax liabilities	25	20,215,433	24,832,609
		34,718,150	49,066,971
Current liabilities			
Borrowings	23	60,106,964	65,157,706
Trade and other payables	26	107,233,096	107,430,303
Income tax payable		1,910,169	2,124,172
		169,250,229	174,712,181
Total liabilities		203,968,379	223,779,152
TOTAL EQUITY AND LIABILITIES		590,744,035	591,811,748

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

Consolidated Statement Of Changes In Equity

For the year ended 31 July 2007

	Attributable to Equity Holders of the Company										Total RM		
	Share Capital RM	Share Premium RM	Share Redemption Reserve RM	Capital RM	Property Revaluation Surplus RM	Share Buyback Reserve RM	Foreign Exchange Reserve RM	Treasury Shares RM	Equity Compensation Reserve RM	Warrant and Other Reserves RM		Retained Earnings RM	Minority Interests RM
	Non-distributable					Distributable							
At 1 August 2005													
As previously stated	62,088,400	9,091,513	12,300,000	47,245,125	386,828	(374,619)	(386,828)	-	-	460,816	104,483,329	92,739,909	328,034,473
Effects of adopting FRS 2	-	-	-	-	-	-	-	59,346	-	-	(59,346)	-	-
Effects of adopting FRS 112	-	-	-	-	-	-	-	-	-	-	7,296,758	4,748,138	12,044,896
As restated	62,088,400	9,091,513	12,300,000	47,245,125	386,828	(374,619)	(386,828)	59,346	460,816	111,720,741	242,591,322	97,488,047	340,079,369
Currency translation differences, representing net loss not recognised in the income statement	-	-	-	-	-	(394,919)	-	-	-	-	-	(166,991)	(561,910)
Redemption of preference shares	-	-	1,200,000	-	-	-	-	-	-	(1,200,000)	-	-	-
Revaluation of land and building	-	-	-	1,898,882	-	-	-	-	-	-	1,898,882	979,418	2,878,300
Transfer from deferred taxation	-	-	-	468,570	-	-	-	-	-	-	468,570	-	468,570
Additional interest in existing subsidiary	-	-	-	-	-	-	-	-	-	-	-	(4,832,148)	(4,832,148)
Acquisition of treasury shares	-	-	-	-	-	-	(462,226)	-	-	-	(462,226)	-	(462,226)
Transfer from share buyback reserve	-	-	-	-	(386,828)	-	-	-	-	386,828	-	-	-
Issuance of ordinary shares pursuant to warrants	1,436,700	2,140,685	-	-	-	-	-	-	-	-	3,577,385	-	3,577,385
Share based payment under ESOS	-	-	-	-	-	-	-	59,346	-	-	59,346	37,356	96,702
Profit for the year	-	-	-	-	-	-	-	-	-	28,472,491	28,472,491	9,012,666	37,485,157
Dividends (Note 11)	-	-	-	-	-	-	-	-	-	(8,133,184)	(8,133,184)	(2,563,419)	(10,696,603)
At 31 July 2006	63,525,100	11,232,198	13,500,000	49,612,577	-	(769,538)	(849,054)	118,692	460,816	131,246,876	268,077,667	99,954,929	368,032,596

Continued

	Attributable to Equity Holders of the Company										Total Equity RM		
	Non-distributable					Distributable							
	Share Capital RM	Share Premium RM	Capital Redemption Reserve RM	Property Revaluation Surplus RM	Foreign Exchange Reserve RM	Treasury Shares RM	Compensation Reserve RM	Equity Reserve RM	Warrant and Other Reserves RM	Retained Earnings RM	Total RM	Minority Interests RM	Total Equity RM
At 1 August 2006													
As previously stated	63,525,100	11,232,198	13,500,000	49,612,577	(769,538)	(849,054)	-	-	460,816	123,736,115	260,448,214	95,024,223	355,472,437
Effects of adopting FRS 2	-	-	-	-	-	-	118,692	-	-	(118,692)	-	-	-
Effects of adopting FRS 112	-	-	-	-	-	-	-	-	-	7,629,453	7,629,453	4,930,706	12,560,159
As restated	63,525,100	11,232,198	13,500,000	49,612,577	(769,538)	(849,054)	118,692	460,816	131,246,876	268,077,667	99,954,929	368,032,596	
Currency translation differences, representing net loss not recognised in the income statement	-	-	-	-	(970,507)	-	-	-	-	-	(970,507)	(455,518)	(1,426,025)
Realisation of revaluation reserve	-	-	-	(8,609,476)	-	-	-	-	8,609,476	-	-	-	-
Acquisition of additional interest in existing subsidiary	-	-	-	-	-	-	-	-	-	-	-	(1,081,184)	(1,081,184)
Acquisition of treasury shares	-	-	-	-	-	(27,399,598)	-	-	-	-	(27,399,598)	-	(27,399,598)
Issuance of ordinary shares pursuant to warrants	8,393,656	12,506,550	-	-	-	-	-	-	-	-	20,900,206	-	20,900,206
Cancellation of treasury shares	(3,744,234)	(5,545,205)	3,744,234	-	-	11,532,773	-	-	-	(5,987,568)	-	-	-
Bonus issue	31,825,478	(15,929,205)	-	-	-	-	-	-	-	(16,078,321)	(182,048)	-	(182,048)
Share based payment under ESOS	-	-	-	-	-	-	59,346	-	-	-	59,346	37,356	96,702
Profit for the year	-	-	-	-	-	-	-	-	-	35,184,445	35,184,445	6,266,255	41,450,700
Dividends (Note 11)	-	-	-	-	-	-	-	-	-	(11,066,747)	(11,066,747)	(2,548,946)	(13,615,693)
At 31 July 2007	100,000,000	2,264,338	17,244,234	41,003,101	(1,740,045)	(16,715,879)	178,038	460,816	141,908,161	284,602,764	102,172,892	386,775,656	

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

Consolidated Cash Flow Statement

For the year ended 31 July 2007

	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	40,218,703	44,048,056
Adjustments for:		
Depreciation of property, plant and equipment	20,213,567	19,359,445
Amortisation of prepaid land lease payments	476,131	558,299
Amortisation of intangible assets	448,323	762,599
Goodwill on consolidation written off	224,209	-
Reserve on consolidation recognised	(189,393)	-
Amortisation of discount on acquisition of associates	-	(140,471)
Provision for retirement benefits	117,227	64,343
Provision for doubtful debts	3,205,060	165,973
Write back of provision for doubtful debts	(242,293)	(87,357)
Share of profit from associates	(729,567)	(289,687)
Property, plant and equipment written off	132,735	11,168,795
Impairment losses on building	-	374,350
Interest expense	4,275,456	3,708,774
Dividend (gross) income	(30,608)	(82,847)
Bad debts written off	-	163,409
Provision for impairment of investments in unquoted shares	1,044,728	576,390
Gain on disposal of:		
- property, plant and equipment	(100,000)	(1,315,460)
- quoted shares	-	(399)
- subsidiary	(897,277)	-
Share options granted under ESOS in a subsidiary	96,702	96,702
Interest income	(524,985)	(278,476)
Inventories written down	478,086	2,807,822
Unrealised gain on foreign exchange	(124,108)	(734,010)
Operating profit before working capital changes	68,092,696	80,926,250
(Increase)/decrease in inventories	(9,586,555)	3,191,082
Increase in development properties	(2,311,561)	(7,428,999)
Decrease/(increase) in receivables	11,907,594	(11,499,784)
(Decrease)/increase in payables	(1,007,387)	33,240,728
Cash generated from operations	67,094,787	98,429,277
Tax paid	(4,287,218)	(5,190,661)
Tax refunded	992,184	-
Gratuity and retirement benefits paid (Note 24)	(21,398)	(69,741)
Net cash generated from operating activities	63,778,355	93,168,875

Continued

	2007 RM	2006 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of redeemable preference shares	-	(802,000)
Purchase of club membership	(38,000)	-
Purchase of additional shares in existing subsidiaries (Note 15)	(1,196,000)	(5,551,123)
Purchase of property, plant and equipment (Note 12)	(21,629,872)	(61,119,500)
Purchase of land held for development	-	(10,447,250)
Deposit paid for purchase of land held for property development (Note 20)	(3,300,000)	-
Proceeds from disposal of other investments		
- property, plant and equipment	140,350	1,806,170
- other investment	-	409
- subsidiary	4,099,979	-
Dividend (net) received	71,382	65,194
Expenditure incurred on product development (Note 18)	-	(73,008)
Interest received	524,985	278,476
Net cash used in investing activities	(21,327,176)	(75,842,632)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares in a subsidiary	80,000	-
Proceeds from issuance of shares	20,900,206	3,577,385
Acquisition of treasury shares	(27,399,598)	(462,226)
Bonus issue and share split expenses	(182,048)	-
Dividends paid to:		
- shareholders of the Company (Note 11)	(11,066,747)	(8,133,184)
- minority shareholders of subsidiaries	(2,548,946)	(2,563,419)
Net (repayment)/drawdown of term loans	(8,224,778)	14,326,686
Net repayment of short term borrowings	(5,816,835)	(15,642,757)
Interest paid	(4,275,456)	(3,708,774)
Net cash used in financing activities	(38,534,202)	(12,606,289)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,916,977	4,719,954
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24,591,237	19,871,283
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 21)	28,508,214	24,591,237

Income Statement

For the year ended 31 July 2007

	Note	2007 RM	2006 RM
Revenue	3	20,094,362	20,428,012
Other income		637,716	626,234
Administrative expenses		(5,999,039)	(4,853,651)
Other operating expenses		-	(3,188,187)
Operating profit		14,733,039	13,012,408
Finance costs	5	(226,350)	(574,885)
Profit before taxation	6	14,506,689	12,437,523
Income tax expense	9	(3,046,714)	(3,186,845)
Profit for the year		11,459,975	9,250,678

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

Balance Sheet

As at 31 July 2007

	Note	2007 RM	2006 RM
ASSETS			
Non-current assets			
Property, plant and equipment	12	3,722,918	11,444,455
Prepaid land lease payments	14	4,033,929	14,218,750
Investment in subsidiaries	15	135,238,196	135,238,196
Investment in associates	16	3,000,000	3,000,000
Other investments	17	2,778,510	3,823,238
		148,773,553	167,724,639
Current assets			
Trade and other receivables	20	8,988,325	3,028,507
Cash and bank balances	21	356,039	3,440,128
		9,344,364	6,468,635
TOTAL ASSETS		158,117,917	174,193,274
EQUITY AND LIABILITIES			
Share capital	22	100,000,000	63,525,100
Reserves		30,662,941	70,133,358
Total equity		130,662,941	133,658,458
Non-current liabilities			
Deferred tax liabilities	25	1,299,327	4,609,842
Current liabilities			
Borrowings	23	7,900,000	3,700,000
Trade and other payables	26	18,255,649	32,224,974
		26,155,649	35,924,974
Total liabilities		27,454,976	40,534,816
TOTAL EQUITY AND LIABILITIES		158,117,917	174,193,274

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

Statement Of Changes In Equity

For the year ended 31 July 2007

	Non-Distributable				Reserves				Total RM
	Share Capital RM	Share Premium RM	Capital Redemption Reserve RM	Property Revaluation Surplus RM	Share Buyback Reserve RM	Warrant and Other Reserves RM	Treasury Shares RM	Retained Earnings RM	
At 1 August 2005	62,088,400	6,827,175	-	14,636,085	386,828	68,735	(386,828)	45,426,328	129,046,723
Acquisition of treasury shares	-	-	-	-	-	-	(462,226)	-	(462,226)
Transfer of share buyback reserve	-	-	-	-	(386,828)	-	-	386,828	-
Transfer from deferred taxation	-	-	-	379,082	-	-	-	-	379,082
Issuance of ordinary shares pursuant to warrants	1,436,700	2,140,685	-	-	-	-	-	-	3,577,385
Profit for the year	-	-	-	-	-	-	-	9,250,678	9,250,678
Dividends (Note 11)	-	-	-	-	-	-	-	(8,133,184)	(8,133,184)
At 31 July 2006	63,525,100	8,967,860	-	15,015,167	-	68,735	(849,054)	46,930,650	133,658,458
Acquisition of treasury shares	-	-	-	-	-	-	(27,399,598)	-	(27,399,598)
Cancellation of shares	(3,744,234)	(5,545,205)	3,744,234	-	-	-	11,532,773	(5,987,568)	-
Issuance of ordinary shares pursuant to warrants	8,393,656	12,506,550	-	-	-	-	-	-	20,900,206
Bonus issue	31,825,478	(15,929,205)	-	-	-	-	-	(16,078,321)	(182,048)
Disposal of land and building	-	-	-	(11,771,917)	-	-	-	15,064,612	3,292,695
Realisation of revaluation reserve	-	-	-	(32,465)	-	-	-	32,465	-
Profit for the year	-	-	-	-	-	-	-	11,459,975	11,459,975
Dividends (Note 11)	-	-	-	-	-	-	-	(11,066,747)	(11,066,747)
At 31 July 2007	100,000,000	-	3,744,234	3,210,785	-	68,735	(16,715,879)	40,355,066	130,662,941

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

Cash Flow Statement

For the year ended 31 July 2007

	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,506,689	12,437,523
Adjustments for:		
Depreciation of property, plant and equipment	497,716	360,119
Amortisation of prepaid land lease payments	119,107	156,250
Property, plant and equipment written off	116,345	576,875
Provision for impairment losses of investment in unquoted shares	1,044,728	576,390
Interest expense	226,350	574,885
Dividend (gross) income (Note 3)	(14,839,564)	(14,088,139)
Waiver of amounts due from subsidiaries	-	2,034,922
(Gain)/loss on disposal of:		
- property, plant and equipment	(137,676)	359
- prepaid land lease payments	(74,286)	-
Interest income	(27,776)	(7,145)
Operating profit before working capital changes	1,431,633	2,622,039
(Increase)/decrease in receivables	(6,938,525)	13,979,468
(Decrease)/increase in payables	(13,969,325)	5,897,153
Cash (used in)/generated from operations	(19,476,217)	22,498,660
Taxes recovered	936,045	161,100
Net cash (used in)/generated from operating activities	(18,540,172)	22,659,760
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of additional investments	-	(5,556,123)
Proceeds from disposal of:		
- property, plant and equipment	7,591,400	-
- prepaid land lease payments	10,140,000	-
Purchase of property, plant and equipment (Note 12)	(346,248)	(1,190,598)
Dividends (net) received	11,817,692	10,149,005
Interest received	27,776	7,145
Net cash generated from investing activities	29,230,620	3,409,429
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	20,900,206	3,577,385
Acquisition of treasury shares	(27,399,598)	(462,226)
Bonus issue and share split expenses	(182,048)	-
Dividends paid (Note 11)	(11,066,747)	(8,133,184)
Net drawdown/(repayment) of borrowings	4,200,000	(17,500,000)
Interest paid	(226,350)	(574,885)
Net cash used in financing activities	(13,774,537)	(23,092,910)
NET CHANGE IN CASH AND BANK BALANCES	(3,084,089)	2,976,279
CASH AND BANK BALANCES AT BEGINNING OF YEAR	3,440,128	463,849
CASH AND BANK BALANCES AT END OF YEAR (NOTE 21)	356,039	3,440,128

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

Notes To The Financial Statements

31 July 2007

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Jalan Utas 15/7, 40000 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are investment holding, letting of properties and provision of management services.

The principal activities of the subsidiaries are stated in Note 15.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 October 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS") in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group had such power over another entity.

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

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any 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 represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held 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 then.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Intangible Assets

(i) Goodwill/(Reserves) on Consolidation

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Reserves on consolidation, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets. Reserves on consolidation in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

To the extent that the reserves arising from consolidation relates to expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which are not identifiable liabilities at the date of acquisition, that portion of reserves on consolidation is recognised in the income statement when the future losses and expenses are recognised.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(c) Intangible Assets (Cont'd)

(ii) Product Development Expenditure

All research costs are recognised in the profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five year. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

(d) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Freehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land and capital work-in-progress are not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Staff quarters and apartment	2%
Plant and machinery, tools and equipment	5% - 20%
Motor vehicles	20% - 25%
Office equipment, furniture and fittings	5% - 33%

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(e) Land Held for Property Development and Property Development Costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

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

(ii) Property development costs

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

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

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

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

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

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

(f) Construction Contracts

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

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

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

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

(g) Impairment of Non-Financial Assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(g) Impairment of Non-Financial Assets (Cont'd)

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average or first-in first-out method, as appropriate. Cost incurred in bringing the following inventories to their present location and condition is determined as follows:

Raw materials and consumables	Cost of purchase.
Work-in-progress and finished products	Cost of raw materials, direct labour, other direct costs and proportion of production overheads based on normal activity.
Properties held for sale	Cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

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

(i) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(j) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(i) Financial Instruments (Cont'd)

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the profit or loss.

(iii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest-bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vi) Equity instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by re-sale, the difference between the sales consideration and the carrying amount is recognised in equity.

(j) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Operating Leases - the Group as lessee

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

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(k) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(m) Provisions for Liabilities

Provisions are recognised when the Group has a present obligation 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, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(n) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave 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 leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

(iii) Defined benefit plans

The Group operates an unfunded, defined Retirement Benefit Scheme ("the Scheme") for all qualifying staff who have been confirmed in service, which is based on number of years employed and equivalent factoring units.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(n) Employee Benefits (Cont'd)

(iii) Defined benefit plans (Cont'd)

The cost of retirement benefits under this scheme is determined based on actuarial valuation which is conducted once in every five years using the Projected Unit Credit Method. Past service costs and experience adjustments in respect of the retirement benefit scheme are dealt with through the profit or loss systematically over the expected remaining service lives of members and the current service costs are dealt with in the profit or loss. The last actuarial valuation was conducted during the financial year ended 31 July 2007.

(iv) Share based compensation

The subsidiary's Executive Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the subsidiary's employees to acquire ordinary shares of the subsidiary. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

(o) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(o) Foreign Currencies (Cont'd)

(ii) Foreign Currency Transactions (Cont'd)

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

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(p) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised net of sales taxes and discounts upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.2(e)(ii).

(iii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(f).

(iv) Dividend income

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

(v) Management fees

Revenue from services rendered is recognised as and when the services are performed.

(vi) Rental income

Rental income are recognised on an accrual basis.

(vii) Interest income

Interest income from short-term deposits on maturity and sundry interest is recognised on receipt basis.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(q) Affiliated Companies

Affiliated companies refer to companies with common directors.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 August 2006, the Group adopted the FRSs mandatory for financial periods beginning on or after 1 January 2006. The Group has also early adopted the following new and revised FRSs for the financial period beginning 1 August 2006:

FRS 117: Leases

Amendment to FRS 112: Income Taxes

Except as discussed below, the new and revised FRSs and Interpretations do not have any significant impact on the financial statements of the Group and the Company.

(a) FRS 2: Share-based payment

Prior to 1 August 2006, no compensation expense was recognised in profit or loss for share options granted. With the adoption of FRS 2, the total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the employee compensation reserve within equity over the vesting period. This change in accounting policy has been accounted for retrospectively and certain comparatives have been restated as disclosed in Note 2.3(e).

(b) FRS 101: Presentation of financial statements

The adoption of the revised FRS 101 has affected the presentation of minority interests and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total net profit or loss for the period. FRS 101 also require the disclosure, on the face of the statement of changes in equity, total equity attributable to equity holders of the parent and to minority interests.

Prior to 1 August 2006, the Group's share of taxation of associates accounted for using the equity method was included as part of the Group's income tax expenses in the consolidated income statements. Upon the adoptions of the revised FRS 101, the share of taxation of associates accounted for using the equity method are now included in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

The presentation of the financial statements is based on the revised FRS 101. As disclosed in Note 2.3(e), certain comparatives have been restated.

(c) FRS 117: Leases

Prior to 1 August 2006, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating leases and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 August 2006, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid land lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note 2.3(e), certain comparatives have been restated.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

(d) Amendment to FRS 112: Income Taxes

The Group has taken the option of early adoption of the amendment to FRS 112 for the financial period beginning 1 August 2006 and accordingly, the deferred tax assets on unabsorbed reinvestment allowances are now recognised to the extent that it is probable that taxable profit will be available against which the unabsorbed reinvestment allowances can be utilised.

This change in accounting policy has been accounted for retrospectively and certain comparatives have been restated as disclosed in Note 2.3(e).

(e) Restatement of Comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

Description of change	Previously stated RM	FRS 2 RM	FRS 112 RM	Total RM
Balance Sheets				
At 1 August 2005				
Group				
Retained earnings	104,483,329	(59,346)	7,296,758	111,720,741
Equity compensation reserve	-	59,346	-	59,346
Minority interests	92,739,909	-	4,748,138	97,488,047
Deferred tax liabilities	37,507,775	-	(12,044,896)	25,462,879

Description of change	Previously stated RM	FRS 2 RM	FRS 112 RM	FRS 117 RM	Total RM
Balance Sheets					
At 31 July 2006					
Group					
Property, plant and equipment	233,312,785	-	-	(38,404,242)	194,908,543
Prepaid land lease payments	-	-	-	38,404,242	38,404,242
Retained earnings	123,736,115	(118,692)	7,629,453	-	131,246,876
Equity compensation reserve	-	118,692	-	-	118,692
Deferred tax liabilities	37,392,769	-	(12,560,160)	-	24,832,609
Minority interests	95,024,223	-	4,930,706	-	99,954,929

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

(e) Restatement of Comparatives (Cont'd)

Description of change	Previously stated RM	FRS 117 RM	Total RM
At 31 July 2006			
Company			
Property, plant and equipment	25,663,205	(14,218,750)	11,444,455
Prepaid land lease payments	-	14,218,750	14,218,750

Description of change	Previously stated RM	FRS 2 RM	FRS 101 RM	FRS 112 RM	Total RM
Income Statement					
At 31 July 2006					
Group					
Administrative expenses	(39,994,453)	(96,702)	-	-	(40,091,155)
Share of profit of associates	521,075	-	(231,388)	-	289,687
Income tax expense	(7,309,550)	-	231,388	515,263	(6,562,899)
Profit attributable to equity holders of the Company	28,199,142	(59,346)	-	332,695	28,472,491
Profit attributable to minority interests	8,867,454	(37,356)	-	182,568	9,012,666

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

(f) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following tables provide estimates to the extent to which each of the line items in the balance sheets and income statements for the year ended 31 July 2007 is higher or lower than it would have been had the previous policies been applied in the current year:

Effects on balance sheets as at 31 July 2007

	Increase/(Decrease)			
	FRS 2 RM	FRS 112 RM	FRS 117 RM	Total RM
Group				
Property, plant and equipment	-	-	(34,411,533)	(34,411,533)
Prepaid land lease payments	-	-	34,411,533	34,411,533
Retained earnings	(178,038)	9,501,100	-	9,323,062
Equity compensation reserve	178,038	-	-	178,038
Deferred tax liabilities	-	(15,665,126)	-	(15,665,126)
Minority interests	-	6,164,026	-	6,164,026

	Increase/(Decrease)			
	FRS 2 RM	FRS 112 RM	FRS 117 RM	Total RM
Company				
Property, plant and equipment	-	-	(4,033,929)	(4,033,929)
Prepaid land lease payments	-	-	4,033,929	4,033,929

Effects on income statement for the year ended 31 July 2007

	Increase/(Decrease)			
	FRS 2 RM	FRS 112 RM	FRS 101 RM	Total RM
Group				
Administrative expenses	96,702	-	-	96,702
Share of profit of associates	-	-	(36,711)	(36,711)
Income tax expense	-	(3,104,966)	(36,711)	(3,141,677)
Profit attributable to equity holders of the Company	(59,346)	1,871,647	-	1,812,301
Profit attributable to minority interests	(37,356)	1,233,319	-	1,195,963

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRS, amendments to FRS and Interpretations were issued but not yet effective and have not been applied by the Group:

FRS, Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
FRS 124: Related Party Disclosures	1 October 2006
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
FRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119 ²⁰⁰⁴ : Employee Benefits	
- Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 107: Cash Flow Statements	1 July 2007
Amendment to FRS 111: Construction Contracts	1 July 2007
Amendment to FRS 118: Revenue	1 July 2007
Amendment to FRS 119: Employee Benefits	1 July 2007
Amendment to FRS 120: Government Grants	1 July 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
Amendment to FRS 126: Accounting and Reporting by Retirement Benefit Plans	1 July 2007
Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies	1 July 2007
Amendment to FRS 134: Interim Financial Reporting	1 July 2007
Amendment to FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 ²⁰⁰⁴ : - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 124 and FRS 139. The above FRS, amendments to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application except for the Amendment to FRS 121. However, it is not possible to reasonably estimate the exchange rates applicable to such monetary items for future periods, the directors are therefore unable to determine if the initial adoption of this amendment will have a material impact on the consolidated financial statements for the year ending 31 July 2008.

2.5 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made in Applying Accounting Policies

There are no critical judgements made by management in the process of applying the Group accounting policies that have significant effect on the amounts recognised in the financial statements.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet dates 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:

(i) Depreciation of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 20 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Property development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work.

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

(iii) Deferred tax assets

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

3. REVENUE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Sale of goods	528,591,800	483,851,909	-	-
Sale of properties	83,017,464	101,264,313	-	-
Gross dividends from:				
Subsidiaries	-	-	14,759,764	14,068,339
Associate	-	-	60,000	-
Unquoted shares in Malaysia	19,800	19,800	19,800	19,800
Rental income	1,342,436	1,059,800	152,400	212,400
Project management income from subsidiaries	-	-	4,062,398	5,047,473
Management fees from:				
Subsidiaries	-	-	920,000	960,000
Associate	120,000	120,000	120,000	120,000
	613,091,500	586,315,822	20,094,362	20,428,012

Continued

4. COST OF SALES

	Group	
	2007 RM	2006 RM
Property development costs	50,926,445	58,829,988
Cost of inventories sold	482,126,278	429,633,431
	533,052,723	488,463,419

5. FINANCE COSTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest expense on:				
Bank overdrafts	48,856	59,896	-	937
Term loans	1,817,914	1,279,964	-	-
Other banking facilities	3,202,740	2,833,248	226,350	573,948
	5,069,510	4,173,108	226,350	574,885
Less: Amount capitalised in qualifying assets:				
Property, plant and equipment (Note 12)	(756,944)	(459,054)	-	-
Property development costs (Note 13)	(37,110)	(5,280)	-	-
	4,275,456	3,708,774	226,350	574,885

6. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Staff costs (Note 7)	34,122,719	34,366,239	2,798,497	2,649,094
Directors' fees	175,000	172,500	90,000	90,000
Non-executive directors' other remuneration (Note 8)	114,400	114,400	36,000	36,000
Auditors' remuneration				
- statutory audits	272,985	276,120	15,000	15,000
- other services	14,000	111,000	8,000	65,000
Amortisation of intangible assets (Note 18)	448,323	762,599	-	-
Goodwill on consolidation written off (Note 18)	224,209	-	-	-
Reserve on consolidation recognised	(189,393)	-	-	-
Amortisation of discount on acquisition of associates	-	(140,471)	-	-
Depreciation of property plant and equipment	20,213,567	19,359,445	497,716	360,119
Amortisation of prepaid land lease payments (Note 14)	476,131	558,299	119,107	156,250
Property, plant and equipment written off	132,735	11,168,795	116,345	576,875
Impairment losses on building	-	374,350	-	-
Provision for retirement benefits (Note 24)	117,227	64,343	-	-
Insurance claims	(10,814,408)	(13,670,672)	(397,978)	(576,875)

Continued

6. PROFIT BEFORE TAXATION (CONT'D)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Inventories written down	478,086	2,807,822	-	-
Provision for doubtful debts:				
- trade debts	3,179,398	165,973	-	-
- non-trade debts	25,662	-	-	-
Write back of provision for doubtful debts	(242,293)	(87,357)	-	-
Bad debts written off	-	163,409	-	-
Bad debts recovered	(15,071)	(16,789)	-	-
Rental of land and buildings	539,395	601,271	-	-
Rental of plant, machinery and motor vehicles	387,060	402,373	-	-
Net unrealised gain on foreign exchange	(124,108)	(734,010)	-	-
Net realised (gain)/loss on foreign exchange	(1,837,165)	373,736	-	-
Provision for impairment losses of investment in unquoted shares	1,044,728	576,390	1,044,728	576,390
Waiver of amounts due from subsidiaries	-	-	-	2,034,922
Rental income	(159,304)	(162,225)	-	-
Interest income	(524,985)	(278,476)	(27,776)	(7,145)
Gross dividends from:				
- unquoted shares in Malaysia	(10,808)	(63,047)	-	-
(Gain)/loss on disposal of:				
- property, plant and equipment	(100,000)	(1,315,460)	(137,676)	359
- land lease	-	-	(74,286)	-
- subsidiary	(897,277)	-	-	-
- quoted shares in Malaysia	-	(399)	-	-

7. STAFF COSTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Wages, salaries and other emoluments	31,288,184	31,510,622	2,500,150	2,367,769
Employees Provident Fund - defined contribution plan	2,620,606	2,694,572	298,347	281,325
Provision for retirement benefits (Note 24)	117,227	64,343	-	-
Share options granted under ESOS in subsidiary	96,702	96,702	-	-
	34,122,719	34,366,239	2,798,497	2,649,094

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM4,614,634 (2006: RM4,750,840) and RM571,200 (2006: RM582,400) respectively.

Continued

8. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	2,556,401	2,600,000	510,000	520,000
Fees	45,000	45,000	35,000	35,000
Employees Provident Fund - defined contribution plan	304,104	312,002	61,200	62,400
	2,905,505	2,957,002	606,200	617,400
Non-Executive (Note 6):				
Other emoluments	106,000	106,000	36,000	36,000
Fees	80,000	80,000	55,000	55,000
Employees Provident Fund - defined contribution plan	8,400	8,400	-	-
	194,400	194,400	91,000	91,000
Directors of Subsidiaries				
Executive:				
Salaries and other emoluments	1,676,338	1,780,160	-	-
Fees	20,000	20,000	-	-
Employees Provident Fund - defined contribution plan	168,013	157,910	-	-
	1,864,351	1,958,070	-	-
Non-Executive				
Fees	30,000	27,500	-	-
Total	4,994,256	5,136,972	697,200	708,400

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

	Number of Directors	
	2007	2006
Executive directors:		
RM150,001 - RM200,000	-	1
RM250,001 - RM300,000	1	-
RM1,050,001 - RM1,100,000	1	1
RM1,550,001 - RM1,600,000	1	-
RM1,700,001 - RM1,750,000	-	1
Non-Executive directors:		
Below RM50,000	3	3
RM50,000 - RM100,000	1	1
RM100,001 - RM150,000	1	1

Continued

9. INCOME TAX (BENEFIT)/EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Tax expense for the year:				
Malaysian income tax				
- Current year	5,498,532	7,404,049	3,018,442	3,807,350
- (Over)/underprovision in prior years	(2,193,696)	26,055	46,092	(90,105)
Foreign tax	68,021	17,223	-	-
	3,372,857	7,447,327	3,064,534	3,717,245
Deferred tax (Note 25):				
Relating to origination and reversal of temporary difference	(2,812,468)	(684,524)	(303,602)	(456,826)
(Over)/underprovision in prior years	(1,804,708)	(199,904)	285,782	(73,574)
	(4,617,176)	(884,428)	(17,820)	(530,400)
Real property gain tax	12,322	-	-	-
Tax (benefit)/expense for the year	(1,231,997)	6,562,899	3,046,714	3,186,845

Domestic income tax of companies in the Group, being Malaysian resident companies with paid-up capital of less than RM2.5 million, is calculated at the following rates:

	2007	2006
On the first RM500,000 chargeable income	20%	20%
In excess of RM500,000 chargeable income	27%	28%

The domestic statutory rate will be reduced to 26% from the current year's rate of 27% effective from year of assessment 2008.

Subsequent to the Budget 2008 announcement, it has been proposed that the Malaysian tax rate is to be reduced to 25% effective year of assessment 2009. This change is not expected to have significant effect on the Group and the Company's computation of deferred tax as at balance sheet date. The financial statements for the current financial year do not reflect the above effect. The effect will be accounted for in the financial year ending 31 July 2008.

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

Continued

9. INCOME TAX (BENEFIT)/EXPENSE (CONT'D)

A reconciliation of income tax (benefit)/expense applicable to profit before taxation and share of results of associates at the statutory income tax rate to income tax (benefit)/expense at the effective income tax rate of the Group and of the Company are as follows:

	2007 RM	2006 RM
Group		
Profit before taxation and share of results of associates	39,489,136	43,758,369
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	10,662,067	12,252,343
Income not subject to tax	(4,573,086)	(1,253,496)
Effect on income of first RM500,000 subject to tax rate of 20%	(137,753)	(190,955)
Effect of different tax rates in other countries	(112,393)	4,673
Real property gain tax	12,322	-
Double deduction on expenses	-	(113,064)
Expenses not deductible for tax purposes	744,611	516,650
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(289,317)	(416,609)
Utilisation of previously unrecognised unabsorbed reinvestment allowances	(292,962)	(350,520)
Utilisation of current year's reinvestment allowances	(269,613)	(2,165,757)
Deferred tax assets recognised on reinvestment allowances	(6,010,433)	(5,044,148)
Deferred tax assets not recognised during the year	3,032,964	3,557,028
Effect of utilisation of previously unrecognised other deductible temporary differences	-	(59,397)
Overprovision of deferred tax in prior years	(1,804,708)	(199,904)
(Over)/underprovision of income tax in prior years	(2,193,696)	26,055
Tax (benefit)/expense for the year	(1,231,997)	6,562,899
Company		
Profit before taxation	14,506,689	12,437,523
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	3,916,806	3,482,506
Income not subject to tax	(1,074,958)	(26,030)
Expenses not deductible for tax purposes	162,309	304,541
Utilisation of previously unrecognised deferred tax assets	(289,317)	(410,493)
Under/(over)provision of deferred tax in prior years	285,782	(73,574)
Under/(over)provision of income tax in prior years	46,092	(90,105)
Tax expense for the year	3,046,714	3,186,845

Tax savings during the financial year arising from:

	Group	
	2007 RM	2006 RM
Utilisation of tax losses brought forward from previous years	76,773	351,195

Presently, Malaysian companies adopt the full imputation system. In the Budget 2008, the Government announced the proposal to introduce the single tier tax system for companies effective from the year of assessment 2008. Under the proposed single tier system, the Company shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends paid, credited or distributed by the Company will be exempted from tax in the hands of the shareholders. However, there will be a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. This proposed change in the tax law also provides for the Section 108 balance to be locked in as at 31 December 2007.

As at 31 July 2007, the Company has tax exempt profits available for distribution of approximately RM4,492,000 (2006: RM8,402,000), subject to the agreement of the Inland Revenue Board.

Continued

9. INCOME TAX (BENEFIT)/EXPENSE (CONT'D)

As at 31 July 2007, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends amounting to RM13,843,000 (2006: RM16,618,000) out of its retained profits. If the balance of the retained profits of RM26,513,000 (2006: RM30,312,000) were to be distributed as dividends prior to there being sufficient tax credit, the Company would have a Section 108 shortfall of approximately RM6,893,000 (2006: RM8,184,000).

During the transitional period, the Company can utilise the balance in the Section 108 account as at 31 July 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Bill, 2007.

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amount are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	2007	2006
Profit for the year attributable to equity shareholders (RM)	35,184,445	28,472,491
Weighted average number of ordinary shares in issue	192,388,887	187,431,084
Basic earnings per share (sen)	18	15

(b) Fully diluted

Diluted earnings per share is calculated by dividing the adjusted net profit for the year by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

In the prior year, the Group has potentially dilutive ordinary shares arising from the conversion of warrants. The basis for the maximum number of ordinary shares of RM1.00 each to be issued on the conversion of the warrants, the respective latest dates for conversion and their respective prices are mentioned in Note 22.

	2006
Profit for the year attributable to equity shareholders (RM)	28,472,491
Weighted average number of ordinary shares in issue	62,477,028
Number of shares that would have been issued due to the conversion of warrants at no consideration	907,441
Adjusted weighted average number of ordinary shares in issue	63,384,469
Diluted earnings per share (sen) based on RM1.00 per ordinary share	45
Diluted earnings per share (sen) based on RM0.50 per ordinary share upon share split and bonus issue	15

In the current year, the fully diluted earnings per share is not presented as the warrants of the Company had expired on 4 December 2006.

11. DIVIDENDS

	Amount		Net Dividends per Share	
	2007 RM	2006 RM	2007 Sen	2006 Sen
Final dividend of 11% less 28% taxation in respect of the financial year ended 31 July 2005	-	4,970,529	-	8
First interim dividend of 5% tax exempt in respect of the financial year ended 31 July 2006	-	3,162,655	-	5
Second interim dividend of 5% less 28% taxation in respect of the financial year ended 31 July 2006	2,379,142	-	4	-
Special dividend of 10% less 28% taxation in respect of the financial year ended 31 July 2006	4,758,286	-	7	-
Final dividend of 6% tax exempt in respect of the financial year ended 31 July 2006	3,929,319	-	6	-
	11,066,747	8,133,184	17	13

Continued

11. DIVIDENDS (CONT'D)

- (a) At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 July 2007, of 3 sen per share less 26% taxation will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2008.
- (b) The Board of Directors has declared a share dividend distribution on the basis of one (1) treasury share for every fifty (50) existing ordinary shares held by entitled shareholders on 9 January 2008, subject to the approval of Bursa Malaysia Depository Sdn. Bhd.

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings* RM	Plant and machinery, tools and equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Group						
At 31 July 2007						
Cost or valuation						
At 1 August 2006	58,505,063	216,176,208	16,962,882	4,374,134	22,000,378	318,018,665
Additions	1,438,754	14,615,286	1,788,494	148,950	3,638,388	21,629,872
Disposals	-	(792,514)	(10,850)	(425,148)	-	(1,228,512)
Write off	-	(2,755,114)	(334,689)	-	-	(3,089,803)
Transfer	-	25,026,767	-	-	(25,026,767)	-
Exchange differences	(410,169)	(933,584)	(25,132)	(15,192)	(11,021)	(1,395,098)
At 31 July 2007	59,533,648	251,337,049	18,380,705	4,082,744	600,978	333,935,124
Representing:						
At cost	2,445,116	251,337,049	18,380,705	4,082,744	600,978	276,846,592
At valuation	57,088,532	-	-	-	-	57,088,532
At 31 July 2007	59,533,648	251,337,049	18,380,705	4,082,744	600,978	333,935,124
Accumulated depreciation and impairment						
At 1 August 2006	6,819,430	105,259,410	8,190,120	2,841,162	-	123,110,122
Depreciation charge for the year	1,244,553	16,943,882	1,620,462	404,670	-	20,213,567
Disposals	-	(756,903)	(6,112)	(425,147)	-	(1,188,162)
Write off	-	(2,751,979)	(205,089)	-	-	(2,957,068)
Exchange differences	(96,773)	(487,401)	(20,530)	(12,187)	-	(616,891)
At 31 July 2007	7,967,210	118,207,009	9,578,851	2,808,498	-	138,561,568
Analysed as:						
Accumulated depreciation	7,592,860	118,207,009	9,578,851	2,808,498	-	138,187,218
Accumulated impairment	374,350	-	-	-	-	374,350
At 31 July 2007	7,967,210	118,207,009	9,578,851	2,808,498	-	138,561,568

Continued

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and buildings* RM	Plant and machinery, tools and equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Group (Cont'd)						
Net carrying amount						
At cost	2,330,656	133,130,040	8,801,854	1,274,246	600,978	146,137,774
At valuation	49,235,782	-	-	-	-	49,235,782
At 31 July 2007	51,566,438	133,130,040	8,801,854	1,274,246	600,978	195,373,556
At 31 July 2006						
Cost or valuation						
At 1 August 2005	50,484,039	210,280,061	13,302,996	4,085,577	15,193,009	293,345,682
Additions	8,464,673	29,463,835	4,962,538	1,068,477	17,159,977	61,119,500
Disposals	(234,566)	(3,006,848)	(140,475)	(747,226)	-	(4,129,115)
Write off	(640,972)	(30,317,404)	(1,268,362)	(15,000)	-	(32,241,738)
Revaluation	519,762	-	-	-	-	519,762
Transfer	72,946	10,145,398	126,130	-	(10,344,474)	-
Exchange differences	(160,819)	(388,834)	(19,945)	(17,694)	(8,134)	(595,426)
At 31 July 2006	58,505,063	216,176,208	16,962,882	4,374,134	22,000,378	318,018,665
Representing:						
At cost	1,006,362	216,176,208	16,962,882	4,374,134	22,000,378	260,519,964
At valuation	57,498,701	-	-	-	-	57,498,701
At 31 July 2006	58,505,063	216,176,208	16,962,882	4,374,134	22,000,378	318,018,665
Accumulated depreciation and impairment						
At 1 August 2005	5,311,541	111,905,005	7,701,373	3,169,439	-	128,087,358
Depreciation charge for the year	1,094,258	16,466,857	1,517,182	281,148	-	19,359,445
Disposals	(186,644)	(2,763,642)	(108,966)	(579,153)	-	(3,638,405)
Write off	(64,097)	(20,086,593)	(907,253)	(15,000)	-	(21,072,943)
Impairment recognised in profit or loss	374,350	-	-	-	-	374,350
Revaluation	335,706	-	-	-	-	335,706
Exchange differences	(45,684)	(262,217)	(12,216)	(15,272)	-	(335,389)
At 31 July 2006	6,819,430	105,259,410	8,190,120	2,841,162	-	123,110,122

Continued

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and buildings* RM	Plant and machinery, tools and equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Group (Cont'd)						
Analysed as:						
Accumulated depreciation	6,445,080	105,259,410	8,190,120	2,841,162	-	122,735,772
Accumulated impairment	374,350	-	-	-	-	374,350
At 31 July 2006	6,819,430	105,259,410	8,190,120	2,841,162	-	123,110,122
Net carrying amount						
At cost	924,589	110,916,798	8,772,762	1,532,972	22,000,378	144,147,499
At valuation	50,761,044	-	-	-	-	50,761,044
At 31 July 2006	51,685,633	110,916,798	8,772,762	1,532,972	22,000,378	194,908,543
Land and Buildings*						
			Freehold land RM	Buildings RM	Staff quarters and apartment RM	Total RM
At 31 July 2007						
Cost or valuation						
At 1 August 2006			1,901,814	55,596,887	1,006,362	58,505,063
Additions			-	1,438,754	-	1,438,754
Exchange differences			-	(410,169)	-	(410,169)
At 31 July 2007			1,901,814	56,625,472	1,006,362	59,533,648
Representing:						
At cost			-	1,438,754	1,006,362	2,445,116
At valuation			1,901,814	55,186,718	-	57,088,532
At 31 July 2007			1,901,814	56,625,472	1,006,362	59,533,648
Accumulated depreciation and impairment						
At 1 August 2006			-	6,737,657	81,773	6,819,430
Charge for the year			-	1,224,426	20,127	1,244,553
Exchange differences			-	(96,773)	-	(96,773)
At 31 July 2007			-	7,865,310	101,900	7,967,210

Continued

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Land and Buildings*	Freehold land RM	Buildings RM	Staff quarters and apartment RM	Total RM
Group (Cont'd)				
Analysed as:				
Accumulated depreciation	-	7,490,960	101,900	7,592,860
Accumulated impairment	-	374,350	-	374,350
At 31 July 2007	-	7,865,310	101,900	7,967,210
Net carrying amount				
At cost	-	1,426,194	904,462	2,330,656
At valuation	1,901,814	47,333,968	-	49,235,782
At 31 July 2007	1,901,814	48,760,162	904,462	51,566,438
At 31 July 2006				
Cost or valuation				
At 1 August 2005	1,828,737	47,648,940	1,006,362	50,484,039
Additions	-	8,464,673	-	8,464,673
Disposals	-	(234,566)	-	(234,566)
Write off	-	(640,972)	-	(640,972)
Revaluation	73,077	446,685	-	519,762
Transfer	-	72,946	-	72,946
Exchange differences	-	(160,819)	-	(160,819)
At 31 July 2006	1,901,814	55,596,887	1,006,362	58,505,063
Representing:				
At cost	-	-	1,006,362	1,006,362
At valuation	1,901,814	55,596,887	-	57,498,701
At 31 July 2006	1,901,814	55,596,887	1,006,362	58,505,063
Accumulated depreciation and impairment				
At 1 August 2005	-	5,249,046	62,495	5,311,541
Charge for the year	-	1,074,980	19,278	1,094,258
Disposals	-	(186,644)	-	(186,644)
Write off	-	(64,097)	-	(64,097)
Impairment recognised in profit or loss	-	374,350	-	374,350
Revaluation	-	335,706	-	335,706
Exchange differences	-	(45,684)	-	(45,684)
At 31 July 2006	-	6,737,657	81,773	6,819,430
Analysed as:				
Accumulated depreciation	-	6,363,307	81,773	6,445,080
Accumulated impairment	-	374,350	-	374,350
At 31 July 2006	-	6,737,657	81,773	6,819,430
Net carrying amount				
At cost	-	-	924,589	924,589
At valuation	1,901,814	48,859,230	-	50,761,044
At 31 July 2006	1,901,814	48,859,230	924,589	51,685,633

Continued

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings RM	Staff quarters and apartment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Company					
At 31 July 2007					
Cost or valuation					
At 1 August 2006	10,359,028	481,000	1,327,049	1,681,962	13,849,039
Additions	-	-	340,635	5,613	346,248
Disposal	(8,401,111)	-	(10,850)	(259,568)	(8,671,529)
Write off	-	-	(239,978)	-	(239,978)
At 31 July 2007	1,957,917	481,000	1,416,856	1,428,007	5,283,780
Representing:					
At cost	-	481,000	1,416,856	1,428,007	3,325,863
At valuation	1,957,917	-	-	-	1,957,917
At 31 July 2007	1,957,917	481,000	1,416,856	1,428,007	5,283,780
Accumulated depreciation					
At 1 August 2006	1,035,903	48,100	643,133	677,448	2,404,584
Depreciation charge for the year	151,173	9,620	128,438	208,485	497,716
Disposal	(952,125)	-	(6,112)	(259,568)	(1,217,805)
Write off	-	-	(123,633)	-	(123,633)
At 31 July 2007	234,951	57,720	641,826	626,365	1,560,862
Net carrying amount					
At cost	-	423,280	775,030	801,642	1,999,952
At valuation	1,722,966	-	-	-	1,722,966
At 31 July 2007	1,722,966	423,280	775,030	801,642	3,722,918

Continued

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Buildings RM	Staff quarters and apartment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
At 31 July 2006					
Cost or valuation					
At 1 August 2005	11,000,000	481,000	1,178,064	642,810	13,301,874
Additions	-	-	151,446	1,039,152	1,190,598
Disposal	-	-	(2,461)	-	(2,461)
Write off	(640,972)	-	-	-	(640,972)
At 31 July 2006	10,359,028	481,000	1,327,049	1,681,962	13,849,039
Representing:					
At cost	-	481,000	1,327,049	1,681,962	3,490,011
At valuation	10,359,028	-	-	-	10,359,028
At 31 July 2006	10,359,028	481,000	1,327,049	1,681,962	13,849,039
Accumulated depreciation					
At 1 August 2005	880,000	38,480	549,374	642,810	2,110,664
Depreciation charge for the year	220,000	9,620	95,861	34,638	360,119
Disposal	-	-	(2,102)	-	(2,102)
Write off	(64,097)	-	-	-	(64,097)
At 31 July 2006	1,035,903	48,100	643,133	677,448	2,404,584
Net carrying amount					
At cost	-	432,900	683,916	1,004,514	2,121,330
At valuation	9,323,125	-	-	-	9,323,125
At 31 July 2006	9,323,125	432,900	683,916	1,004,514	11,444,455

(a) Net carrying amount of property, plant and equipment pledged for borrowings as referred to in Note 23 are as follows:

	Group	
	2007 RM	2006 RM
Plant and machinery	1,418,864	1,701,812

Assets of a subsidiary have been charged for a debenture of RM2 million (2006: RM2 million) (Note 23).

(b) Freehold land and buildings were revalued during the financial year ended 31 July 2006 by Bock Chek Hai, an independent professional Registered Valuer with Raine & Horne International Zaki & Partners Sdn. Bhd. Valuations were made based on open market value.

Buildings in The Socialist Republic of Vietnam were revalued during the financial year ended 31 July 2006 by Tran Nam Ha and Vo Xuan An, independent professional Registered Valuers with Hoang Quan Appraisal Company Limited. Valuations were made based on open market value.

Continued

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (b) Had the revalued properties been carried at historical cost, the net book value of the properties that would have been included in the financial statements of the Group and of the Company as at 31 July 2007 would be as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Freehold land	198,038	198,038	-	-
Buildings	36,854,989	38,211,226	1,053,247	5,105,395
	37,053,027	38,409,264	1,053,247	5,105,395

- (c) Interest expense capitalised under plant and machinery of the Group amounted to RM756,944 (2006: RM459,054).

13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

- (a) Land Held for Property Development

	Freehold Land	Leasehold Land	Total
Group			
At 31 July 2007			
Cost			
At 1 August 2006	106,449,357	2,846,936	109,296,293
Additions	10,579,646	-	10,579,646
Transfer to property development costs (Note 13(b))	(7,467,200)	-	(7,467,200)
At 31 July 2007	109,561,803	2,846,936	112,408,739
Carrying amount at 31 July 2007	109,561,803	2,846,936	112,408,739
At 31 July 2006			
Cost			
At 1 August 2005	97,802,845	2,846,936	100,649,781
Additions	20,545,881	-	20,545,881
Transfer to property development costs (Note 13(b))	(11,899,369)	-	(11,899,369)
At 31 July 2006	106,449,357	2,846,936	109,296,293
Carrying amount at 31 July 2006	106,449,357	2,846,936	109,296,293

Continued

13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property development costs

	Freehold Land	Leasehold Land	Development Costs	Total
Group				
At 31 July 2007				
Cumulative property development costs				
At 1 August 2006	11,491,932	2,676,988	57,838,837	72,007,757
Costs incurred during the year	-	-	49,045,127	49,045,127
Transfer from land held for property development	7,467,200	-	-	7,467,200
Reversal of completed projects	(10,000,872)	-	(47,339,048)	(57,339,920)
Unsold units transferred to inventories	(1,150,260)	-	(5,236,509)	(6,386,769)
At 31 July 2007	7,808,000	2,676,988	54,308,407	64,793,395
Cumulative costs recognised in income statement				
At 1 August 2006	(8,495,949)	(58,594)	(39,220,218)	(47,774,761)
Recognised during the year	(6,991,018)	(78,235)	(43,857,192)	(50,926,445)
Reversal of completed projects	10,000,872	-	47,339,048	57,339,920
At 31 July 2007	(5,486,095)	(136,829)	(35,738,362)	(41,361,286)
Property development costs at 31 July 2007	2,321,905	2,540,159	18,570,045	23,432,109
At 31 July 2006				
Cumulative property development costs				
At 1 August 2005	9,548,590	2,676,988	41,208,987	53,434,565
Costs incurred during the year	1,020	-	57,697,611	57,698,631
Transfer from land held for property development	11,899,369	-	-	11,899,369
Reversal of completed projects	(9,296,718)	-	(40,189,817)	(49,486,535)
Unsold units transferred to inventories	(660,329)	-	(877,944)	(1,538,273)
At 31 July 2006	11,491,932	2,676,988	57,838,837	72,007,757
Cumulative costs recognised in income statement				
At 1 August 2005	(7,141,088)	-	(31,290,220)	(38,431,308)
Recognised during the year	(10,651,579)	(58,594)	(48,119,815)	(58,829,988)
Reversal of completed projects	9,296,718	-	40,189,817	49,486,535
At 31 July 2006	(8,495,949)	(58,594)	(39,220,218)	(47,774,761)
Property development costs at 31 July 2006	2,995,983	2,618,394	18,618,619	24,232,996

Continued

13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property development costs (Cont'd)

Freehold land of the Group amounting to RM5,700,000 (2006: RM5,700,000) has been charged as security for borrowings (Note 23).

Included in the property development costs of the Group is interest capitalised during the year amounting to RM37,110 (2006: RM5,280) and directors' remuneration and staff costs of RM168,401 (2006: RM184,672).

14. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At the beginning of year	38,404,242	35,639,476	14,218,750	14,375,000
Revaluation	-	3,416,970	-	-
Amortisation for the year	(476,131)	(558,299)	(119,107)	(156,250)
Disposal	-	-	(10,065,714)	-
Disposal of subsidiary	(3,202,702)	-	-	-
Exchange differences	(313,876)	(93,905)	-	-
At the end of year	34,411,533	38,404,242	4,033,929	14,218,750

Prepaid land lease payments with an aggregate carrying value of RM2,296,008 (2006: RM2,334,441) are pledged as securities for borrowings (Note 23).

The prepaid land lease payments were last revalued during the financial year ended 31 July 2006.

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2007 RM	2006 RM
Quoted shares in Malaysia at cost		
At beginning of year	54,389,622	48,838,499
Addition	-	5,551,123
At end of year	54,389,622	54,389,622
Unquoted shares at cost		
At beginning of year	81,048,575	81,043,575
Addition	-	5,000
Less: Accumulated impairment losses	81,048,575 (200,001)	81,048,575 (200,001)
At end of year	80,848,574	80,848,574
	135,238,196	135,238,196
Market value of quoted shares in Malaysia	76,906,052	89,481,884

Continued

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Proportion of Ownership Interest	
		2007 %	2006 %
Subsidiaries of the Company in Malaysia			
Scientex Packaging Berhad + ("SciPack")	Investment holding and the provision of management services	61.37	61.37
Scientex Polymer Sdn. Bhd. ("SPSB")	Manufacturing and distribution of polyvinyl chloride ("PVC") leather cloth and PVC sheeting, thermoplastic olefins ("TPO")/ polypropylene ("PP") and PVC/PP foam skin materials and tufted carpet mats for automotive interior and investment holding	75.00	75.00
Scientex Trading Sdn. Bhd. ("STSB")	Investment holding	98.89	98.89
Scientex Quatari Sdn. Bhd. ("SQSB")	Investment holding, property investment and development	100.00	100.00
Scientex Enterprise Sdn. Bhd.	Investment holding	100.00	100.00
Scientex Management Sdn. Bhd.	Rendering of management services	100.00	100.00
Bestex Corporation Sdn. Bhd.	Dissolved	-	100.00
Uniontex Containers Sdn. Bhd.	Dissolved	-	100.00
Subsidiaries of SciPack in Malaysia			
Woventex Sdn. Bhd. ("WSB")	Manufacturing of PP and polyethylene ("PE") woven bags and fabrics	100.00	100.00
Scientex Packaging Film Sdn. Bhd.	Manufacturing of stretch film	100.00	100.00
Scientex Resources Sdn. Bhd.	Selling and marketing of packaging related materials	100.00	100.00
Scientex Containers Sdn. Bhd.	Manufacturing of fibre containers and printing of corrugated carton boxes	94.87	94.87
Subsidiaries of SciPack outside Malaysia			
(i) The People's Republic of China			
Scientex Resources (Shanghai) Co., Ltd. *	Producing and selling of palletised stretch film	100.00	100.00

Continued

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Proportion of Ownership Interest	
		2007 %	2006 %
Subsidiaries of SciPack outside Malaysia (Cont'd)			
(ii) The Socialist Republic of Vietnam			
Woventex (Vietnam) Co., Ltd. *	Manufacturing of PP and PE woven bags and fabrics and flexible intermediate bulk containers	100.00	100.00
Subsidiary of WSB in Malaysia			
Pan Pacific Straptex Sdn. Bhd.	Manufacturing of PP strapping band	65.00	65.00
Subsidiaries of SPSB in Malaysia			
Scientex Auto Industries Sdn. Bhd. ^	Manufacturing of PVC, thermoplastic olefins and PP foamed sheets for automobiles	100.00	100.00
Yamatex (Malaysia) Sdn. Bhd. ^	Manufacturing and trading of automotive tufted carpet mats	100.00	100.00
Scientex Wonpoong (M) Sdn. Bhd. #	In members' voluntary winding-up	55.00	55.00
Subsidiaries of SPSB outside Malaysia			
(i) Japan			
Scientex Polymer (Japan) Co., Ltd. *	Manufacturing and marketing of tufted carpet mats for motor vehicles and research and development of polymer automotive interior materials	100.00	100.00
(ii) The Socialist Republic of Vietnam			
Scientex Polymer (Vietnam) Co., Ltd. *	Manufacturing and export of carpet mats for motor vehicles	100.00	100.00
Subsidiaries of STSB in Malaysia			
Scientex Chemical Sdn. Bhd. (formerly known as Jadychem (M) Sdn. Bhd.) ("SCSB") **	Sales and marketing of laminating polyurethane adhesives	75.00	60.00

Continued

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Proportion of Ownership Interest	
		2007 %	2006 %
Subsidiaries of STSB in Malaysia (Cont'd)			
KC Contract Sdn. Bhd.	Property construction	65.00	65.00
Subsidiaries of SQSB in Malaysia			
Scientex Development (Pasar Gudang) Sdn. Bhd.	Property investment holding	100.00	100.00
Scientex Property Sdn. Bhd.	Investment holding	100.00	100.00
Scientex Metro Holdings Sdn. Bhd. ("SMHSB") ***	Investment holding	85.00	50.33
Scientex Park (M) Sdn. Bhd.	Property investment and development	60.00	60.00
Texland Sdn. Berhad	Property investment and development	90.00	90.00
Scientex Air Keroh Sdn. Bhd.	Inactive since incorporation	100.00	100.00
Subsidiaries of SMHSB in Malaysia			
Scientex Metro Sdn. Bhd. ("SMSB")	Property investment	-	100.00
Subsidiaries of SCSB outside Malaysia			
(i) Indonesia			
PT. Jadychem Indonesia	Sales and marketing of laminating polyurethane adhesives	100.00	-

+ Quoted on the Second Board of Bursa Malaysia Securities Berhad.

The subsidiary has held its Final General Meeting and shall be dissolved on the expiration of three months after the lodgement of the Return by Liquidator Relating to Final Meeting in accordance with Section 272(5) of the Companies Act, 1965.

^ During the financial year, the subsidiaries have turned dormant.

* Audited by firms of auditors other than Ernst & Young.

** The Group acquired additional 15% equity interest in SCSB for cash consideration of RM720,000.

*** The Group acquired additional 34.67% equity interest in SMHSB for cash consideration of RM1,196,000.

Continued

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Incorporation of a subsidiary

On 4 October 2006, SCSB incorporated a subsidiary, namely PT. Jadychem Indonesia in Jakarta, Indonesia with an issued and paid-up capital of USD100,000. SCSB holds the entire equity interest in PT. Jadychem Indonesia.

(b) Disposal of subsidiary

On 9 August 2006, SMHSB entered into a Share Sale and Purchase Agreement ("Agreement") to dispose of its entire equity interest of 652,837 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up share capital in SMSB for a total cash consideration of RM4,100,000. Upon completion of the Agreement, SMHSB shall enter into a put option agreement with the purchaser wherein SMHSB shall grant the purchaser an option to sell and the right to require SMHSB to purchase the entire issued and paid-up share capital of SMSB at an option price of RM4,100,000. The put option expires on the date of issuance of Certificate of Fitness for Occupation for any building that may be erected on the land held by SMSB or a period of two years from the date of the put option agreement, whichever is earlier.

The Agreement was completed on 20 October 2006. Subsequently, SMSB ceased to be a subsidiary of the Group.

The disposal had the following effect on the financial position of the Group as at the end of the year:

	2007 RM
Prepaid land lease payment (Note 14)	3,202,702
Cash and bank balances	21
Net assets disposed	3,202,723
Total disposal proceeds	4,100,000
Gain on disposal	897,277
Cash inflow arising from disposal:	
Cash consideration	4,100,000
Cash and bank balances of subsidiary disposed	(21)
Net cash inflow to the Group	4,099,979

16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
In Malaysia:				
Unquoted shares, at cost	10,309,762	10,309,762	3,000,000	3,000,000
Share of post-acquisition profits and reserves, less losses	4,189,034	3,503,267	-	-
	14,498,796	13,813,029	3,000,000	3,000,000

Continued

16. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

Incorporated in Malaysia

Name of Associates	Principal Activities	Proportion of Ownership Interest	
		2007 %	2006 %
Associate of the Company			
Cosmo Scientex (M) Sdn. Bhd.	Manufacturing and distributing urethane prepolymer	30.00	30.00
Associate of SQSB			
Rising Heights Development Sdn. Bhd. *	Property development	33.54	33.54
Associate of WSB			
Woventex Trading Sdn. Bhd. ^	Investment holding	-	49.00

^ *Disposed to third party.*

* *Audited by firm of auditors other than Ernst & Young.*

The financial statements of the above associates are coterminous with those of the Group, except for Cosmo Scientex (M) Sdn. Bhd. which has a financial year end of 31 December to conform with its holding company's financial year end. For the purpose of applying the equity method of accounting, the audited financial statements of Cosmo Scientex (M) Sdn. Bhd. for the year ended 31 December 2006 have been used and appropriate adjustments have been made for the effect of significant transactions between 31 July 2007 and that date.

The summarised financial information of the associates are as follows:

	Group	
	2007 RM	2006 RM
Assets and liabilities		
Current assets	69,426,592	62,942,953
Non-current assets	38,940,436	41,501,109
Total assets	108,367,028	104,444,062
Liabilities		
Current liabilities	46,796,962	41,973,180
Non-current liabilities	61,570,066	62,470,882
Total liabilities	108,367,028	104,444,062
Results		
Revenue	70,580,886	57,622,661
Profit for the year	2,384,172	849,699

Continued

17. OTHER INVESTMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At cost:				
Unquoted shares	8,878,384	8,878,384	8,697,998	8,697,998
Club memberships	575,728	537,728	144,728	144,728
	9,454,112	9,416,112	8,842,726	8,842,726
Less: Provision for impairment				
- unquoted shares	(6,024,216)	(4,979,488)	(6,024,216)	(4,979,488)
- club memberships	(40,000)	(40,000)	(40,000)	(40,000)
	3,389,896	4,396,624	2,778,510	3,823,238

18. INTANGIBLE ASSETS

Group	Product development expenditure RM	Goodwill on consolidation RM	Total RM
Cost			
At 1 August 2005	1,034,611	2,299,857	3,334,468
Arising from additional equity interest in subsidiary	-	718,984	718,984
Additions	73,008	-	73,008
At 31 July 2006	1,107,619	3,018,841	4,126,460
Arising from additional equity interest in subsidiary	-	224,209	224,209
Written off	-	(957,121)	(957,121)
At 31 July 2007	1,107,619	2,285,929	3,393,548
Accumulated amortisation			
At 1 August 2005	251,312	1,024,257	1,275,569
Charge for the year	407,984	354,615	762,599
At 31 July 2006	659,296	1,378,872	2,038,168
Charge for the year	448,323	-	448,323
Written off	-	(732,912)	(732,912)
At 31 July 2007	1,107,619	645,960	1,753,579
Net carrying amount			
At 31 July 2007	-	1,639,969	1,639,969
At 31 July 2006	448,323	1,639,969	2,088,292

Impairment tests for goodwill

Goodwill arises from the investment in SciPack. The recoverable amount of SciPack is determined based on the fair value less costs to sell. The basis used to determine fair value is by reference to the closing market price of the shares that are traded on Bursa Securities at the balance sheet date. The fair value less costs to sell is higher than the carrying amount of investment in SciPack.

Continued

19. INVENTORIES

	Group	
	2007 RM	2006 RM
Cost		
Properties held for sale	20,768,561	16,055,546
Raw materials	29,045,702	26,565,972
Work-in-progress	6,596,166	5,419,711
Spare parts	709,055	722,173
Finished products	7,459,661	6,921,400
	64,579,145	55,684,802
Net realisable value		
Properties held for sale	3,544,690	3,893,000
Raw materials	609,319	497,470
Work-in-progress	477,925	-
Finished products	755,835	783,175
	5,387,769	5,173,645
	69,966,914	60,858,447

In the prior year, inventories written down arising from a fire at the premises of a subsidiary of the Company amounted to RM2,501,877.

20. TRADE AND OTHER RECEIVABLES

	Group	
	2007 RM	2006 RM
Current		
Trade receivables		
External parties	102,413,479	94,662,278
Associate	15,990	9,373,485
Affiliated company	74,000	221,000
	102,503,469	104,256,763
Less: Provision for doubtful debts	(5,813,867)	(2,974,439)
Trade receivables, net	96,689,602	101,282,324

Continued

20. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables				
Due from subsidiaries	-	-	8,811,158	1,273,668
Due from associates	46,876	18,156	12,543	11,940
Deposits	2,165,031	1,101,986	36,509	36,509
Deposit on purchase of land (Note 28)	3,300,000	-	-	-
Prepayments	1,300,271	1,459,767	38,992	61,685
Sundry receivables	2,200,752	1,985,813	-	-
Insurance claims recoverable	-	11,170,672	-	576,875
Tax recoverable	1,437,116	1,741,264	89,123	1,067,830
	10,450,046	17,477,658	8,988,325	3,028,507
Less: Provision for doubtful debts	(882,004)	(856,342)	-	-
Other receivables, net	9,568,042	16,621,316	8,988,325	3,028,507
	106,257,644	117,903,640	8,988,325	3,028,507

(a) Credit risk

The Group's normal trade credit term ranges from 14 to 130 (2006: 14 to 130) days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

(b) Due from related companies

The amounts due from related companies are unsecured, interest-free and have no fixed terms of repayment except for the amount due from an associate of a subsidiary which is secured on quoted shares in the previous year.

Included in trade receivables are retention sums on property development activity amounting to RM3,635,433 (2006: RM1,993,842).

21. CASH AND BANK BALANCES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash in hand and at banks	24,427,379	23,817,142	356,039	3,440,128
Deposits with licensed banks	4,937,500	2,092,500	-	-
Cash and bank balances	29,364,879	25,909,642	356,039	3,440,128

For the purposes of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash and bank balances	29,364,879	25,909,642	356,039	3,440,128
Bank overdraft (Note 23)	(856,665)	(1,318,405)	-	-
Cash and cash equivalents	28,508,214	24,591,237	356,039	3,440,128

Continued

21. CASH AND BANK BALANCES (CONT'D)

Included in cash at banks of the Group are amounts of RM2,704,049 (2006: RM3,097,754) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

In the prior year, deposits with a licensed bank of RM92,500 was pledged as securities for banking facility granted to a subsidiary as disclosed in Note 23.

Other information on financial risks of cash and cash equivalents are disclosed in Note 32.

Included in cash and bank balances are cash at bank held for the sinking fund amounting to RM48,667 (2006: RM24,477).

The weighted average effective interest rates and average maturities of deposits of the Group at the balance sheet date were 3.5% (2006: 3.2%) and 11 days (2006: 19) respectively.

22. SHARE CAPITAL

	Par Value RM	Number of Ordinary Shares		Amount	
		2007	2006	2007 RM	2006 RM
Authorised					
At beginning of year	1.00	200,000,000	200,000,000	200,000,000	200,000,000
Resultant share capital pursuant to share split and alteration of capital	0.50	400,000,000	-	200,000,000	-
At end of year	1.00 0.50	- 400,000,000	200,000,000 -	- 200,000,000	200,000,000 -
Issued and fully paid					
At beginning of year	1.00	63,525,100	62,088,400	63,525,100	62,088,400
Issued pursuant to conversion of warrants	1.00	8,393,656	1,436,700	8,393,656	1,436,700
Cancellation of treasury shares	1.00	(1,918,756)	-	(1,918,756)	-
Total before share split and bonus issue	1.00	70,000,000	63,525,100	70,000,000	63,525,100
Resultant share capital pursuant to share split	0.50	140,000,000	-	70,000,000	-
Bonus issue	0.50	63,650,956	-	31,825,478	-
Cancellation of treasury shares	0.50	(3,650,956)	-	(1,825,478)	-
At end of year	1.00 0.50	- 200,000,000	63,525,100 -	- 100,000,000	63,525,100 -

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company as prescribed in the Articles of Association of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Continued

22. SHARE CAPITAL (CONT'D)

(a) Issuance of Ordinary Shares

During the financial year, the Company had subdivided the par value of its existing shares of RM1.00 each to RM0.50 each and altered its authorised capital of RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each into RM200,000,000 comprising 400,000,000 ordinary shares of RM0.50 each pursuant to a share split.

The total issued and paid-up share capital of the Company was also increased from RM63,525,100 to RM100,000,000 after taking into account the cancellation of treasury shares, by way of:-

- (i) new issues of 8,393,656 ordinary shares of RM1.00 each arising from the conversion of Warrants "B" 2000/2006 at an exercise price of RM2.49 per share.
- (ii) a bonus issue of 63,650,956 ordinary shares of RM0.50 each on the basis of one new ordinary share for every two ordinary shares held through the capitalisation of retained profits and share premium of RM15,896,273 and RM15,929,205, respectively.

The new ordinary shares issued during the financial year rank pari passu in all respect with the existing ordinary shares of the Company.

(b) Warrants

The warrants 2000/2006 are constituted by a Deed Poll dated 17 July 2000 executed by the Company. The warrants were listed on Bursa Malaysia Securities Berhad on 12 September 2000.

On 18 August 2000, a total of 10,396,776 SIB Warrants 1996/2001 representing 85.65% of the total SIB Warrants 1996/2001 in issue had been surrendered by the warrant holders for cancellation and replaced with SIB Warrants 2000/2006 ("Warrant B"). The remaining 1,741,824 SIB Warrants 1996/2001 which have not been surrendered ("Warrant A") will remain listed on the Main Board of Bursa Malaysia Securities Berhad based on existing terms, and will remain valid until expiry of exercise period that is extended to 4 December 2006.

The main features of the warrants 2000/2006 are as follows:

- (i) Each warrant will entitle its registered holder during the exercise period to subscribe for one new ordinary share at the exercise price, subject to adjustment in accordance with the provision of the Deed Poll.
- (ii) The exercise price has been fixed at RM4.26 for Warrant A, which is at a premium of 0.2% over the weighted average price of the Company's shares for the five market days prior to the price-fixing date on 10 September 1996.
- (iii) The exercise price has been fixed at RM2.49 for Warrant B, which is the weighted average price of the Company's shares for the five market days prior to the price-fixing date on 3 February 2000 subject to adjustments under certain circumstances in accordance with the provision of the Deed Poll.
- (iv) The warrants may be exercised at any time on or before the expiry date on 4 December 2006. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
- (v) The new ordinary shares of RM1 each to be issued pursuant to the exercise of the warrants will rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments or distribution on or before the record date prior to the exercise of the warrants.

The subscription rights of the Warrant A and Warrant B expired on 4 December 2006 pursuant to the terms stipulated in the Deed Poll and the supplemental deed polls.

The movement in the Company's warrants during the financial year were as follows:

	Exercise Price	1 August 2006	Exercised	Expired	31 July 2007
Warrant A	RM4.26	1,741,824	-	(1,741,824)	-
Warrant B	RM2.49	8,960,076	(8,393,656)	(566,420)	-

Continued

22. SHARE CAPITAL (CONT'D)

(c) Treasury Shares

On 28 December 2006, the shareholders of the Company renewed the Company's proposal to repurchase its own shares of up to 10% of its total issued and paid-up share capital.

During the financial year ended 31 July 2007, the Company repurchased 7,920,000 ordinary shares of RM1.00 each and 1,163,300 ordinary shares of RM0.50 each from the open market. The total consideration paid for the repurchase including transaction costs was RM27,399,598. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

The Company also cancelled 1,918,756 treasury shares of RM1.00 each and 3,650,956 treasury shares of RM0.50 each during the financial year.

As at 31 July 2007, the Company held 10,210,432 of its 200,000,000 issued and paid-up capital as treasury shares. None of the treasury shares held were resold during the financial year.

Subsequent to the end of the financial year and at the date of this report, the Company repurchased 1,607,400 ordinary shares of its issued share capital from the open market for a total cost of approximately RM2,203,000. The repurchased shares are held as treasury shares. As at the date of this report, the total number of treasury shares held is 11,817,832.

23. BORROWINGS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Short term borrowings				
Secured:				
Bank overdrafts	79,722	316,849	-	-
Bankers' acceptance	-	6,507,000	-	-
Term loans	619,480	893,040	-	-
	699,202	7,716,889	-	-
Unsecured:				
Bank overdrafts	776,943	1,001,556	-	-
Bankers' acceptance	29,713,644	30,823,480	-	-
Revolving credits	20,500,000	18,700,000	7,900,000	3,700,000
Term loans	8,417,175	6,915,781	-	-
	59,407,762	57,440,817	7,900,000	3,700,000
	60,106,964	65,157,706	7,900,000	3,700,000
Long term borrowings				
Term loans, secured	290,700	510,936	-	-
Term loans, unsecured	13,866,344	23,473,582	-	-
	14,157,044	23,984,518	-	-
Total borrowings				
Bank overdrafts (Note 21)	856,665	1,318,405	-	-
Bankers' acceptance	29,713,644	37,330,480	-	-
Revolving credits	20,500,000	18,700,000	7,900,000	3,700,000
Term loans	23,193,699	31,793,339	-	-
	74,264,008	89,142,224	7,900,000	3,700,000

Continued

23. BORROWINGS (CONT'D)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Maturity of borrowings				
Within one year	60,106,964	65,157,706	7,900,000	3,700,000
More than 1 year and less than 2 years	6,566,495	9,335,006	-	-
More than 2 years and less than 5 years	7,590,549	14,649,512	-	-
	74,264,008	89,142,224	7,900,000	3,700,000

The effective interest rates at the balance sheet date for borrowings were as follows:

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Bank overdrafts	6.79	6.97	-	-
Bankers' acceptance	4.82	4.94	-	-
Revolving credits	4.69	5.54	4.61	5.24
Term loans	6.28	6.04	-	-

The term loans, bank overdrafts and other banking facilities are secured by the following:

- Fixed third party charge over freehold land of the Group with market value of RM5,700,000 (2006: RM5,700,000);
- Deposits with a licensed bank of Nil (2006: RM92,500) of a subsidiary (Note 21);
- First legal charge over leasehold land of RM2,296,008 (2006: RM2,334,441) of a subsidiary, WSB (Note 14);
- Mortgage of machinery of RM1,418,864 (2006: RM1,701,812) of a subsidiary, Woventex (Vietnam) Co., Ltd (Note 12);
- Debenture for RM2,000,000 (2006: RM2,000,000) creating fixed and floating charges over all the other assets of a subsidiary, Pan Pacific Straptex Sdn. Bhd.; and
- Negative pledges on all the other assets held by 9 (2006: 7) subsidiaries and the Company.

24. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits varying between 50% to 60% of final salary on attainment of retirement age of 55.

The amount recognised in the balance sheet are determined as follows:

	Group	
	2007 RM	2006 RM
Present value of unfunded defined benefit obligations	345,673	249,844
Analysed as:		
Non-current:		
Later than 1 year but not later than 5 years	345,673	249,844

Continued

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The amount recognised in the income statement are as follows:

	Group	
	2007 RM	2006 RM
Current service cost	117,227	64,343

Movement in the net liability in the current year were as follows:

	Group	
	2007 RM	2006 RM
At the beginning of year	249,844	255,242
Charged to income statement (Note 6)	117,227	64,343
Paid during the year	(21,398)	(69,741)
At the end of year	345,673	249,844

	2007	2006
Discount rate	5.5%	7%
Expected rate of salary increases	5%	6%

25. DEFERRED TAX LIABILITIES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At beginning of year	24,832,609	25,462,879	4,609,842	5,519,324
Recognised in the income statement (Note 9)	(4,617,176)	(884,428)	(17,820)	(530,400)
Recognised in equity	-	254,158	(3,292,695)	(379,082)
At end of year	20,215,433	24,832,609	1,299,327	4,609,842
Presented after appropriate offsetting as follows:				
Deferred tax assets	(18,675,888)	(14,624,802)	-	-
Deferred tax liabilities	38,891,321	39,457,411	1,299,327	4,609,842
	20,215,433	24,832,609	1,299,327	4,609,842

Continued

25. DEFERRED TAX LIABILITIES (CONT'D)

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

Deferred tax liabilities of the Group:

	Accelerated Capital Allowances RM	Revaluation of Land and Building RM	Others RM	Total RM
At 1 August 2006	18,024,053	21,024,502	408,856	39,457,411
Recognised in the income statement	6,544,952	(6,956,141)	(154,901)	(566,090)
At 31 July 2007	24,569,005	14,068,361	253,955	38,891,321
At 1 August 2005	17,948,184	21,254,999	65,901	39,269,084
Recognised in the income statement	75,869	(484,655)	342,955	(65,831)
Recognised in equity	-	254,158	-	254,158
At 31 July 2006	18,024,053	21,024,502	408,856	39,457,411

Deferred tax assets of the Group:

	Unabsorbed Reinvestment Allowances RM	Unabsorbed Tax Losses and Capital Allowances RM	Others RM	Total RM
At 1 August 2006	(12,561,840)	(1,437,090)	(625,872)	(14,624,802)
Recognised in the income statement	(3,087,938)	(462,505)	(500,643)	(4,051,086)
At 31 July 2007	(15,649,778)	(1,899,595)	(1,126,515)	(18,675,888)
At 1 August 2005	(12,044,897)	(1,255,685)	(505,623)	(13,806,205)
Recognised in the income statement	(516,943)	(181,405)	(120,249)	(818,597)
At 31 July 2006	(12,561,840)	(1,437,090)	(625,872)	(14,624,802)

Deferred tax liabilities of the Company:

	Accelerated Capital Allowances RM	Revaluation of Land and Building RM	Total RM
At 1 August 2006	60,861	4,548,981	4,609,842
Recognised in the income statement	(17,820)	-	(17,820)
Recognised in equity	-	(3,292,695)	(3,292,695)
At 31 July 2007	43,041	1,256,286	1,299,327
At 1 August 2005	93,634	5,425,690	5,519,324
Recognised in the income statement	(32,773)	(497,627)	(530,400)
Recognised in equity	-	(379,082)	(379,082)
At 31 July 2006	60,861	4,548,981	4,609,842

Continued

25. DEFERRED TAX LIABILITIES (CONT'D)

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unabsorbed tax losses	4,576,645	4,265,731	-	-
Unabsorbed capital allowances	2,580,682	3,538,845	2,395,772	3,467,315
Unabsorbed reinvestment allowances	40,293,586	30,516,826	-	-
Others	133,569	186,468	-	-
	47,584,482	38,507,870	2,395,772	3,467,315

The availability of the unabsorbed tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective companies is subject to there being no substantial change in shareholders of the companies.

The unabsorbed reinvestment allowances are available for offsetting against future taxable profits of the respective companies in which it arose.

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current				
Trade payables				
External parties	73,790,035	80,334,159	-	-
Associate	6,475,440	1,706,764	-	-
Affiliated company	2,893,321	3,547,964	-	-
Due to customers on contracts (Note 27)	1,308,452	2,208,857	-	-
	84,467,248	87,797,744	-	-
Other payables				
Amounts due to subsidiaries	-	-	17,512,674	30,849,283
Deposits	804,597	968,810	-	1,000
Accruals	7,282,796	8,064,807	600,225	856,149
Sundry payables	14,629,788	10,574,465	142,750	518,542
Sinking fund	48,667	24,477	-	-
	22,765,848	19,632,559	18,255,649	32,224,974
	107,233,096	107,430,303	18,255,649	32,224,974

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 120 (2006: 30 to 120) days.

(b) Due to related companies

Amounts due to related companies are unsecured, interest-free and have no fixed terms of repayment.

(c) Sinking fund

The fund represents amounts received from residents of low cost flats and shops for future cost of maintenance of infrastructure and other expenses for the said premises, net of the expenses incurred to-date.

Continued

27. DUE TO CUSTOMERS ON CONTRACTS

	Group	
	2007 RM	2006 RM
Construction contract costs incurred to date	18,350,757	32,302,126
Attributable profits	1,005,821	1,975,411
	19,356,578	34,277,537
Less: Progress billings	(20,665,030)	(36,486,394)
	(1,308,452)	(2,208,857)

28. CAPITAL COMMITMENTS

	Group	
	2007 RM	2006 RM
Approved and contracted for:		
Rental of buildings and machinery		
Not later than 1 year	276,486	378,117
Later than 1 year and not later than 5 years	290,590	338,326
	567,076	716,443
Consideration for acquisition of a piece of land	33,000,000	-
Deposit of 10% paid (Note 20)	(3,300,000)	-
Amount to be settled for completion of acquisition	29,700,000	-

The acquisition was completed on 29 August 2007.

29. CONTINGENT LIABILITIES

	Company	
	2007 RM	2006 RM
Unsecured		
Corporate guarantees for subsidiaries	21,504,943	30,164,126

Continued

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2007 RM	2006 RM
Group		
Sales to affiliated companies	(501,600)	(1,383,445)
Sales commission from affiliated company	(753,487)	(1,414,313)
Purchases from affiliated companies	33,487,932	21,522,023
Management fees from associated company	(120,000)	(120,000)
Rental income from associated company	(176,400)	(176,400)
Company		
Rental income from associated company	(32,400)	(32,400)
Management fees from subsidiaries	(920,000)	(960,000)
Management fees from associate	(120,000)	(120,000)
Waiver of amounts due from subsidiaries	-	2,034,922
Dividend income from subsidiaries	(14,759,764)	(14,068,339)
Dividend income from associate	(60,000)	-
Rental income from subsidiaries	(120,000)	(180,000)
Project management fees from subsidiaries	(4,062,398)	(5,047,473)

The directors are of the opinion that all the transactions above have been entered into in the normal course of business.

Continued

31. SEGMENTAL INFORMATION

(a) Analysis by Activity 31 July 2007

	Manufacturing RM	Property Development RM	Trading RM	Investment Holdings RM	Eliminations RM	Consolidated RM
Revenue						
External sales	495,479,076	84,327,500	33,112,724	172,200	-	613,091,500
Inter-segment sales	-	-	135,920	23,561,610	(23,697,530)	-
Total revenue	495,479,076	84,327,500	33,248,644	23,733,810	(23,697,530)	613,091,500
Results						
Segment results	19,980,427	23,033,564	699,714	17,722,101	(17,671,214)	43,764,592
Finance cost						(4,275,456)
Share of results of associates	593,937	135,630	-	-	-	729,567
Profit before taxation						40,218,703
Income tax expense						1,231,997
Profit for the year						41,450,700
Assets						
Segment assets	348,611,658	210,016,207	10,931,829	19,927,599	(14,679,170)	574,808,123
Investment in associates	3,779,620	10,719,176	-	-	-	14,498,796
Income tax assets	981,499	155,166	211,078	89,373	-	1,437,116
Consolidated total assets						590,744,035
Liabilities						
Segment liabilities	135,238,527	35,818,371	9,265,216	16,183,822	(14,663,159)	181,842,777
Income tax liabilities	7,408,647	13,401,355	3,951	1,311,649	-	22,125,602
Consolidated total liabilities						203,968,379
Other Information						
Capital expenditure	20,886,918	200,575	196,133	346,246	-	21,629,872
Depreciation	19,236,278	441,911	33,841	501,537	-	20,213,567
Amortisation of prepaid land lease	357,024	-	-	119,107	-	476,131
Amortisation of intangible assets	448,323	-	-	-	-	448,323
Goodwill on consolidation written off	-	224,209	-	-	-	224,209
Reserve on consolidation recognised	-	-	(189,393)	-	-	(189,393)
Impairment losses	-	-	-	1,044,728	-	1,044,728
Non-cash expenses other than depreciation, amortisation and impairment losses	2,985,363	359,582	202,119	116,345	-	3,663,409

Continued

31. SEGMENTAL INFORMATION (CONT'D)

(a) Analysis by Activity
31 July 2006

	Manufacturing RM	Property Development RM	Trading RM	Investment Holdings RM	Eliminations RM	Consolidated RM
Revenue						
External sales	471,183,981	102,291,713	12,667,928	172,200	-	586,315,822
Inter-segment sales	-	-	165,500	21,891,791	(22,057,291)	-
Total revenue	471,183,981	102,291,713	12,833,428	22,063,991	(22,057,291)	586,315,822
Results						
Segment results	25,260,266	21,280,430	558,820	15,724,963	(15,357,336)	47,467,143
Finance cost						(3,708,774)
Share of results of associates	(39,799)	329,486	-	-	-	289,687
Profit before taxation						44,048,056
Income tax expense						(6,562,899)
Profit for the year						37,485,157
Assets						
Segment assets	359,651,516	194,417,073	4,108,999	39,710,541	(21,630,674)	576,257,455
Investment in associates	3,229,482	10,583,547	-	-	-	13,813,029
Income tax assets	569,273	21,799	82,362	1,067,830	-	1,741,264
Consolidated total assets						591,811,748
Liabilities						
Segment liabilities	154,355,066	35,477,890	2,807,454	25,399,526	(21,217,565)	196,822,371
Income tax liabilities	5,219,237	17,083,385	44,316	4,609,843	-	26,956,781
Consolidated total liabilities						223,779,152
Other Information						
Capital expenditure	59,433,752	491,492	3,658	1,190,598	-	61,119,500
Depreciation	18,568,016	417,170	9,827	444,888	(80,456)	19,359,445
Amortisation of prepaid land lease	402,049	-	-	156,250	-	558,299
Amortisation of intangible assets	407,984	-	-	354,615	-	762,599
Impairment losses	-	374,350	-	576,390	-	950,740
Non-cash expenses other than depreciation, amortisation and impairment losses	(212,050)	22,939	23,645	-	-	(165,466)

Continued

31. SEGMENTAL INFORMATION (CONT'D)

(b) Geographical Segments

The Group operates in four principal geographical areas of the world.

Other than its home country Malaysia, the Group also operates in other countries in the Asia Pacific Region:

- (i) The People's Republic of China - Producing and selling of palletised stretch film
- (ii) Japan - Manufacturing and marketing of tufted carpet mats for motor vehicles
- (iii) The Socialist Republic of Vietnam - Manufacturing and trading of automotive tufted carpet mat, general purpose packaging products and bulk bags
- (iv) Indonesia - Sales and marketing of laminating polyurethane adhesives

	External Customers		Segment Assets		Capital Expenditure	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM
Malaysia	582,586,838	564,237,255	544,650,682	550,536,498	19,898,091	59,410,972
The People's Republic of China	7,934,132	8,532,424	2,259,003	1,564,625	8,735	-
Japan	10,591,734	13,202,623	3,479,973	5,175,577	-	87,680
The Socialist Republic of Vietnam	2,482,504	343,520	18,393,697	18,980,755	1,566,543	1,620,848
Indonesia	9,496,292	-	6,024,768	-	156,503	-
Consolidated	613,091,500	586,315,822	574,808,123	576,257,455	21,629,872	61,119,500

32. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 July 2007.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Chinese Renminbi and Japanese Yen. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Continued

32. FINANCIAL INSTRUMENTS (CONT'D)

(c) Foreign Exchange Risk (Cont'd)

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Japanese Yen RM	Indonesian Rupiah RM	Singapore Dollar RM	US Dollar RM	Total RM
At 31 July 2007					
United States Dollar	-	481,972	-	-	481,972
Ringgit Malaysia	(619,495)	-	1,034,282	(37,661,220)	(37,246,433)
<hr/>					
At 31 July 2006					
Ringgit Malaysia	(573,831)	-	852,932	(27,615,983)	(27,336,882)

In the prior year, the Group had entered into the following foreign exchange options contracts with a licensed bank:

At 31 July 2006

Currency	Settlement Dates	Total Contracted Amount (USD)	Total Notional Amount (RM)
United States Dollar	14 August 2006 - 12 January 2007	5,500,000	20,129,500

(d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit Risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by 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's historical experience in collection of trade receivables fall within the credit term granted. Any doubtful amounts have been reasonably provided for. Hence, the Group has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors.

Continued

32. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
At 31 July 2007				
Financial Assets				
Amounts due from related companies	136,866	#	12,543	#
Non-current unquoted shares	2,854,168	*	2,673,782	*
Non-current golf club memberships	535,728	595,000	104,728	115,000
Financial Liabilities				
Amounts due to related companies	9,368,761	#	-	-
At 31 July 2006				
Financial Assets				
Amounts due from related companies	9,612,641	#	11,940	#
Non-current unquoted shares	3,898,896	*	3,718,510	*
Non-current golf club memberships	497,728	580,000	104,728	100,000
Financial Liabilities				
Amounts due to related companies	5,254,728	#	-	-

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

It is also not practicable to estimate the fair value of the amounts due from/to related companies due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Non-Current Quoted Shares

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Borrowings

The carrying value of the Group's borrowings which are mainly variable-rate borrowings, is considered to be a reasonable estimate of the fair values as the borrowings will be repriced immediately in the event of any changes to the market interest rates.