FITTERS

Fitters Holdings Berhad

(149735-M)

ANNUAL REPORT 2006

Engineering Solutions Through Innovation And Technology

> contents

> mission statement

Wisma Fitters

Engineering Solutions Through Innovation and Technology

For exceptional return on investments

Invaluable engineering solutions

Towards customer service excellence

Training in technological advancement

Engineering research and development

Reliability and quality assurance

Strive for innovation and technology

> New Driving Force

Zodd Design Sdn Bhd

Fitters acquired a 51% interest in Z'odd Design Sdn Bhd, a company whose main business is in the design and construction of theme parks. Z'odd has a good business record as it was involved in the design and construction of the Genting Theme Park, Berjaya Times Square Theme Park and several projects overseas. Currently, Z'odd is working on a couple of sizeable contracts in Bahrain and Dubai in the Middle East.

> company profile

Fitters Holdings Berhad, an investment holding company, commenced its operations in the 1970s. Over the years the company has established itself as a "one-stop" fire protection specialist. Now, the Fitters Group is recognized as a leading local manufacturer of fire & safety products, which carries out specialized installation of fire fighting equipment and systems. Besides being focused on fire fighting and safety, Fitters is embarking into areas of infrastructural development and engineering solutions contracting through its engineering division.

The Fitters Group of companies is divided into 3 main divisions namely:

1. Manufacturing & Trading Division
2. Engineering Division
3. Maintenance & Service Division

> Manufacturing Division

Fitters Manufacturing and Trading division is made up of a group of companies involved in manufacturing and trading of safety, fire fighting equipment and industrial products to meet the needs of industrial, commercial, petrochemical, marine, housing and automotive sectors.

What we produce:

Manufacturing of fire doors, fire resistant materials, fire extinguishers, safety apparels, access floors and automotive parts. We are also involved in the trading of water mist, foam systems, carbon dioxide extinguishing system, control and industrial valves, fire sprinklers and ancillary equipment, smoke ventilation and control systems.

Foam Blending Plant

The special Product Division has a foam blending facility to allow for the manufacturing of multiple foam concentrate products and marketing of all types of foam ancillary equipment and valves. The division is able to provide designing, installation, testing and commissioning of foam systems. We are contracted to blend foam concentrates for Chemguard (USA) to supply within the Asean countries.

Fitters Fire-X 500

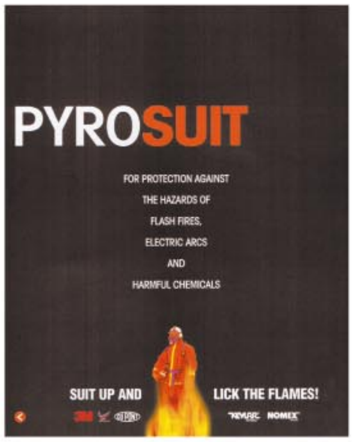
The Manufacturing & Trading Division has developed a franchising manufacturing program with technology transfer for hand-held aerosol fire extinguisher within the Asean region. This is a step taken to expand regionally with a consumer-based product in 2006.

High Quality Fire Resistant Doorsets

In line with today's stringent fire safety standards PYRODOR offers quality fire resistant doorsets – tested by SIRIM in accordance to the latest MS 1073 Part 2 & 3 and approved by Fire Rescue Department Malaysia.

Custom-made Protective Wear to suit various industries

We proudly offer custom-tailing services for our wide range of selection of apparel to fit the demands and needs of individuals, thus enhancing the choices of protective clothing specifiers and purchasers alike.



Modular Floor Systems (M) Sdn Bhd

manufactures the TITAN HI-Ten wood core series of raised access flooring system which is amongst the most technically advanced system available today. The TITAN HI-TEN panels are precision engineered and manufactured by "FULLY ENCAPSULATING" the high performance core using high tensile steel sheet. TITAN HI-TEN panels are wholly manufactured for export and have grown to be one of the most sought after raised access floor systems in United Kingdom, Ireland, Middle East, India and Hong Kong.

Fitters Engineering Sdn Bhd – *hot dip galvanizing plant*

In February of 2007 Fitters Engineering Sdn. Bhd. operates a Hot Dip Galvanizing plant in Section 15 Shah Alam. This galvanizing plant is equipped with a bath size of 8 meters in length, 1.2 meters in width and 2.0 meters in depth. The yearly capacity of the plant is 18,000 metric tonnes. The lifting capacity is 10 metric tonnes and the total land area where the Galvanizing Plant is located is ten acres.

> Engineering Division

Fitters Engineering division is involved in engineering projects and our capabilities include the carrying out of projects on a design and build concept (turnkey) and operating of "off-site" pipe fabrication facility.

Our companies provide complete engineering solutions and are committed to good engineering practices. We play a vital role in meeting the engineering requirements for various prestigious projects.

The companies are made up of a team of designers and engineers with vast experience and expertise in their respective fields. This ensures the quality and reliability of our engineering services.

Besides that, we also provide one-stop turnkey engineering solutions for infra-structural development i.e. airport, water mains pipe works, fire mains & internal water reticulation, ACMV systems and gas piping etc. Our turnkey solutions include the designing, supplying, installing, testing & commissioning, maintaining and monitoring for total systems integration or standalone component systems.

What is new: Fitters shopping complex and service apartment project due for completion 2009

Project References

Fitters Group of Companies has excellent track records in the designing and implementation of engineering projects, especially in the area of fire protection.

Some of our prestigious projects include:

1. Teluk Salut 190MV Power Plant
2. Sepanggar Bay Power Plant
3. Jaya Jusco Bukit Tinggi
4. Putrajaya 4G7
5. Proton Sport Complex

Railway Solutions Through Innovation & Technology

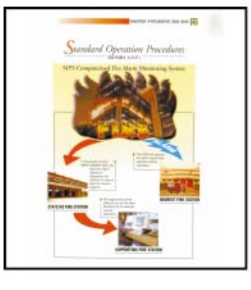
Fitters-Malnaga Sdn Bhd is a joint venture company between Fitters Holdings Berhad (through its wholly owned subsidiary Fitters Engineering Services Sdn. Bhd.) and Malnaga Sdn. Bhd www.malnaga.com.my
In collaboration with Malnaga, Fitters-Malnaga Sdn Bhd represents many world renowned companies who are specialists in the field of Railway Rolling Stock, Railway Systems, Railway Infrastructure and Railway Consultancy & Engineering Services.

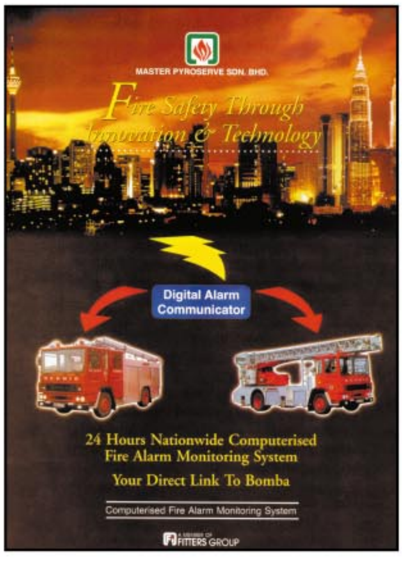
> Maintenance & Services Division

Provides after sales and warranty service back up to the Contracting division, including contractual and on-call services. Ensures that all customers are provided with the highest level of service. It provides preventive maintenance, routine checks and remedial maintenance.

This division also provides Computerized Fire Alarm Monitoring Systems (CMS). Currently there are fifty-nine (59) CMS stations, commissioned and operational throughout the country, with fifteen (15) being concentrated in the Klang Valley alone.

Master Pyroserve (MPS) with a current subscribers base of 3,200 & growing, is the market leader in the segment. 59 CMS stations have been commissioned & operational throughout Malaysia supported by 150 appointed authorised distributors. Awarded MS ISO 9001:2000 in August 2003. MPS is the first company in the fire industry to be awrded this MS ISO certificate.





> corporate information

BOARD OF DIRECTORS

En. Mohammad Nizar Bin Idris**
Chairman

Dato' Wong Swee Yee
Managing Director

Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali *

Mr. Wong Cheek Lung *

Mr. Kong Sin Seng **

En. Mohamad Jamil Bin Mohd Yusof**

En. Zahedi Bin Haji Mohd Zain
Alternate Director to Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali

Mr. Wong Swee Seong
Alternate Director to Mr. Wong Cheek Lung

** Non-Independent and Non-Executive Director*
*** Independent Non-Executive Director*

COMPANY SECRETARIES

Ms. Woo Ying Pun
(MAICSA 7001280)

Ms. Loh Yin Fun
(MAICSA 0862905)

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26 Menara Multi Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel. : 03 27212222
Fax : 03 27212530

HEAD OFFICE & REGISTERED OFFICE

No. 1 Block C Jalan Dataran SD1
Dataran SD, PJU 9
Bandar Sri Damansara
52200 Kuala Lumpur
Tel : 03 62767155
Fax: 03 62752780

Manufacturing & Trading
Contact Person :
Mr. Fong Kum Kuan
Tel. : 03 61576199
Fax : 03 61576157

Contracting
Contact Person :
Mr. Tan Chin Hock
Tel. : 03 62767155
Fax : 03 62758712

Computerised Fire Alarm Monitoring System
Contact Person :
En. Anuar Yusof
Tel. : 03 62767155
Fax : 03 62758692

Maintenance Services
Contact Person :
Ms. Linda Chang Chuay Peng
Tel. : 03 62727189
Fax : 03 62729198

REGIONAL OFFICES

Northern:
66 Lintang Angsana
Bandar Baru Ayer Itam
11500 Pulau Pinang
Contact Person :
Mr. Tee Joo Seng
Tel. : 04 8290734
Fax : 04 8290731

Central:
13 &13A Jalan Dato' Haji Megat Khas,
Taman Bandaraya Utama
31400 Ipoh
Contact Person :
Mr. David Tiong
Tel. : 05 5477622
Fax : 05 5477623

Southern:
12 &12A Jalan Sagu 5
Taman Daya
81100 Johor Bahru
Tel. : 07 3559585
Fax : 07 3559610

Sarawak
Lot 286, 2nd Floor
Section 49 Westwood
Jalan Tabuan, 93100 Kuching
Tel. : 082 250221
Fax : 082 256221

Singapore
83 Genting Lane #06-01
Singapore 349568
Contact Person :
Mr. Pernod Sim
Tel. : 02 67441171
Fax : 02 67414173

AUDITORS

Ernst & Young
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

PRINCIPAL BANKERS

AmBank Berhad
Alliance Bank Malaysia Berhad
Alliance Merchant Bank Berhad
Malayan Banking Berhad
CIMB Bank Berhad
United Overseas Bank (M) Berhad

SOLICITORS

Manjit Singh Sachdev, Mohammad Radzi & Partners
Nasir, Kenzin & Tan
Ong Ban Chai & Co.
Soon Gan Dion & Partners
Jin & Co.

WEBSITE

http.// www.fittersgroup.com

STOCK EXCHANGE LISTING

Second Board of
Bursa Malaysia Securities Berhad
Stock Short Name : Fitters
Stock Code : 9318

> chairman's statement

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Fitters Holdings Berhad for the financial year ended 31 December 2006.

2006 will be remembered as a defining period in the corporate history of the company following the successful completion of the share split and bonus issue in September 2006. It is also the year when the consolidation and transformation of the companies in the Fitters Group was effectively implemented resulting in the birth of a new initiative to diversify the business of the Group to meet the changing business environment. It gives me great pleasure to inform you that the Fitters Group of Companies is today a leaner and more focused group.

Despite competing in an extremely competitive and challenging environment, Fitters Holdings Berhad still managed to register another profitable year. The challenge before us is to ensure the company's continued growth is in line with our aim of enhancing shareholder value.

FINANCIAL REVIEW

Fitters Holdings Berhad recorded lower revenue of RM128.4 million for the current financial year ended 31 December 2006 as compared to RM143.3 million in the previous financial year ended 31 December 2005. This is a decrease of 10.4% compared to 2005. The decrease was mainly attributable to the execution of smaller scale projects by the contracting and engineering division of the company.

For the year under review, the company registered a Profit before Tax of RM16.1 million against RM12.5 million in the previous financial period. This is an increase of 28.2%. The Profit after Tax increased 31.5% from RM9.3 million in 2005 to RM12.2 million for the current year under review. The increase in Profit is due to a substantial gain from the disposal of the company's building in Sungai Buloh amounting to RM3.1 million.

The Taxation for the Group is RM3.9 million compared to RM3.3 million in 2005. The effective tax rate was 28.4%. This was higher than the effective tax rate for 2005 which was 27.1% due to the utilization of unabsorbed tax losses by some subsidiaries in 2005.

CORPORATE AND BUSINESS DEVELOPMENT

The shareholders in 2006 approved the proposed share split and approved a bonus issue on one ordinary share of RM1.00 for every 2 ordinary shares of RM1.00 held. The subdivision and bonus issue was completed on 13th September 2006. With the above exercises, the Company will be able to attract a larger shareholder base while generating a higher trading liquidity in our shares, thereby enhancing our shareholders value.

Due to certain earlier acquisition exercises which the Company had undertaken, the Company had proposed to issue 3,401,000 new ordinary shares to suitable Bumiputra investors in order to comply with the requirements of the Foreign Investment Committee (FIC).

The issue to Bumiputras should have been completed by the end of 2006 but following the share split on 13 September 2006 the proposed special issue to Bumiputras had to be revised. An additional 3,401,000 new shares have to be issued to Bumiputras investors. The FIC and the Securities Commission had extended the completion date for the issue of the Bumiputra Shares to 30 June 2007.

In the year of 2004, the Company acquired 502 acres of Land in Bertam Valley, Cameron Highland for RM30 million. The land was earmarked for integrated agricultural development in accordance with the Government policy of Good Agricultural Practice. This was intended to be a new business initiative for the company but an opportunity arose to dispose the land at an attractive price. This should give the Company the opportunity to increase its' cash flow to finance other business opportunities that may arise.

The Company, through Affin Investment Bank Berhad had in April 2007 submitted to the Securities Commission an application to transfer to the Main Board. The listing to the Main Board of Bursa Malaysia will provide a better opportunity for the Company to enhance its corporate profile for business development and potential institutional investors.

The Company is aware of its Corporate Social Responsibility and as a good corporate citizen the company is actively involved in the National Fire Prevention Campaign. The Company is working together with the Ministry of Housing and Local Government and Jabatan Bomba dan Penyelamat Malaysia in the "One Home One Extinguisher" campaign. Various activities and events have been planned and implemented in this campaign to create greater awareness among the public on fire safety. The Company is committed to protect one million homes in the next couple of years through its marketing initiative in supplying homes with fire extinguishers.

ECONOMIC TRENDS AND DEVELOPMENT

As reported in the Bank Negara 2006 Annual Report, the global economic growth for 2007 is expected to remain firm at 4.5% (2006: 5.0%) with further easing of inflationary pressures and with some moderation in growth of world trade. This represents the fifth consecutive year where global growth still exceeds 4%. In 2006, the Malaysian economy was stronger and more resilient. Real gross domestic product (GDP) expanded by 5.9%, up from 5.2% a year ago. Domestic activity, particularly in the private sector, continued to propel economic expansion amidst high export demand for electronics and primary commodities. (source: Bank Negara Annual Report 2006 press release dated 21 March 2007).

MOVING FORWARD

As always, our philosophy is to continue to grow the business in a sustainable manner to create good value for our shareholders. Given the promising outlook generated by the 9th Malaysian Plan the Company will look at new opportunities.

Contract and Engineering Division:
The Company acquired a 51% interest in Z'odd Design Sdn Bhd, a company whose main business is the design and construction of theme parks. Z'odd had a good business record as it was involved in the design and construction of the Genting Theme Park, Berjaya Times Square Theme Park and several projects overseas. Currently, Z'odd is working on couple of sizeable contracts in Bahrain and Dubai in the Middle East.

Fitters also entered into a joint venture to undertake railway engineering works. Fitters-Malnaga Sdn Bhd is a joint venture between Fitters Engineering Services Sdn Bhd and Malnaga Sdn Bhd to spearhead the Fitters Group into the railway industry. Based on the experience of the Fitters Group, Malnaga Sdn Bhd and in collaboration with world renowned principals, Fitters-Malnaga Sdn Bhd is able to undertake a wide spectrum of railway engineering works and supplies in Malaysia and South East Asia.

Manufacturing and Trading Division:
In addition, Fitters has ventured into the hot dip galvanizing business. The current market situation is favoring the galvanizing business because of the increase in price of stainless steel. There is therefore a great demand for galvanized steel. Galvanized steel is now seen as alternative to stainless steel and is accepted as an economical way of protecting steel against corrosion.

The Board and Management are confident that the various measures and policies implemented by the Group will continue to improve its operations in the coming year. We anticipate to roll out our Corporate Vision soon to coincide with the promotion of the company to the Main Board listing of Bursa Malaysia. We hope the new vision and mission of the company will enhance its image and bring the company to the next level of growth.

Fitters will continue to ride with the positive economic outlook and take advantage of the opportunities that arise. The Company will continue to look at other opportunities whilst continuing to strengthen its new and existing core business in manufacturing, trading and services in the fire safety and prevention industry.

ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to thank all the employees of the Group for their continuing dedication, commitment and contribution to the Company. I would also wish to express the Board's appreciation to our shareholders for their confidence and commitment and to our customers, principals, suppliers, contractors, business associates, financiers and all the various Government Departments and Authorities for their continuing support and confidence in Fitters.

Finally, I would like to thank my fellow members of the Board for their continuous support in making this Company a success.

MOHAMMAD NIZAR BIN IDRIS
Chairman

Date: 30 April 2007

> profile of the board of directors

EN. MOHAMMAD NIZAR BIN IDRIS

65 years, Malaysian.

Bachelor of Law (Honours), AMP (Harvard). A Member of the Malaysian Bar.

Chairman. Independent, Non-Executive Director.

First appointed to the Board on 21 November 2000.

The Chairman of the Board, Nomination and Remuneration Committee.

He started his career in the Civil Service and the Judicial and Legal Service. Prior to joining the private sector, he was the Senior Federal Counsel responsible for tax and treasury matters. In 1976 he joined the Royal Dutch Shell Group. He worked in Malaysia, The Hague (Netherlands) and London. He was the first non-European to Head the Legal Division of Shell International Petroleum Co. Ltd in London which dealt with the Royal Dutch Shell Group's business, investments and joint ventures for the world. Before retiring from Shell he returned to Malaysia to assume the position of Deputy Chairman and Executive Director of Shell Companies in Malaysia and the Chairman of Shell Chemicals. He retired in 1997.

He has no other directorship in other public companies and neither is there any family relationship with any director and/or substantial shareholder. There is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Attended all the four Board meetings.

DATO' WONG SWEE YEE, DSSA

50 years, Malaysian.

Malaysian Certificate of Education. He is an Associate Member of Harvard Business School Alumni Club of Malaysia and a member of the Institute of Fire Engineers.

He was appointed to the Board since incorporation of the Company on 18 January 1986.

Managing Director. Executive, Non-Independent Director.

Chairman of the Executive Committee, member of the Audit Committee, Remuneration Committee, Risk Management Committee and ESOS Option Committee.

He has been in the fire safety and prevention industry since 1979. As the founder, he has been instrumental in building up Fitters Group. His entrepreneurial skills and foresight has led the Company to move into both upstream and downstream activities in the fire fighting industry. He has also contributed greatly to the fire safety industry by bringing into Malaysia state-of-the-art technology and he is instrumental in setting up a comprehensive network of distributorship rights for specialised fire fighting equipment and systems for Fitters.

He has no other directorship in other public companies. Mr. Wong Cheek Lung, his father, is also a member of the Board. Mr. Wong Swee Seong, the Alternate Director to Mr. Wong Cheek Lung, is his brother. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Attended all the four Board meetings.

TAN SRI DATUK PADUKA DR. HAJJAH SALEHA BINTI HAJI MOHAMED ALI, PSM, DPMS, AMN, PJK, JP

84 years, Malaysian.

Diploma in Social Science & Economics from London School of Economics, University of London. She is a fellow of the Faculty of Building, England and Institute of Management Consultants Malaysia. She was awarded the Doctorate, Honoris Causa from the University of Southern Queensland, Australia in 1997.

First appointed to the Board on 26 January 1994.

Non-Independent and Non-Executive Director.

She served as a teacher between 1940 and 1942, 1945 and 1946. She also served as the state welfare officer from 1949 to 1952 for Selangor and 1952 to 1953 for Malacca. She has served in many public, social and welfare organisation including Selangor Legislative Council where she was a member from 1950 to 1952. She was with the Selangor Public Service Commission between 1960 and 1970 and is a member of the National Council of Religious Affairs Malaysia since 1974.

She is currently a member of the National Welfare Council, Malaysia and also president of the Spastic Children's Association of Selangor and Federal Territory. In addition she is currently the president of the Institute of Management Consultants, Malaysia; trustee of Sunway College Sdn Bhd; executive chairman of Help Institute; chairman of the Association of Promotion for the Higher Education in Malaysia (APHEM) and chairman of Sek Men Swasta Saleha, Genting Highland. She is also an advisor with the Asian Strategy and Leadership Institute, Malaysia (ASLI) and the president of Malaysian Centre Rehabilitation - MCR and committee member of the UN board.

She sits on the board of Leong Hup Holdings Berhad, Hirotako Holdings Berhad, Malaysia Land Development Co. Berhad and Lam Soon Berhad. En. Zahedi Bin Haji Mohd Zain, her alternate director, is her son. Save for recurrent related party transactions noted in the annual report, there is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

She attended three of the Board meetings. One of the other Board meeting was attended by her alternate, En. Zahedi Bin Haji Mohd Zain.

MR. WONG CHEEK LUNG

84 years, Malaysian.

Attended Chinese school.

He was appointed to the Board since incorporation of the Company on 18 January 1986.

Non-Independent and Non-Executive Director.

He was in the Government Service for 28 years. He has been in the fire safety and prevention industry since 1979 when he first set up Fitters.

He has no other directorship in other public companies. He is the father of Dato' Wong Swee Yee and Mr. Wong Swee Seong, his Alternate Director. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Attended three of the Board meetings. One of the Board meeting was attended by his alternate, Mr Wong Swee Seong.

> profile of the board of directors

MR. KONG SIN SENG

51 years, Malaysian.

Holds a Bachelor of Accounting (Hons) from the University of Kent, England. He is a member of the Institute of Chartered Accountants in England & Wales.

First appointed to the Board on 22 December 2001.

Independent, Non-Executive Director.

Chairman of the Audit Committee and Risk Management Committee and is a Member of the Nomination Committee and ESOS Option Committee.

He started his career as an articled clerk with Reeves & Neylan, Chartered Accountants in the United Kingdom from 1978 to 1982 and subsequently joined Price Waterhouse (now known as PriceWaterhouseCoopers) in 1983. He then joined Promet Berhad as Group Financial Executive in 1983 and United Detergent Industries as Financial Controller in 1986. In 1987 he was attached to Promet Petroleum Ltd in Jakarta and subsequently with the Dharmala Group, Indonesia in 1989 as Group Financial Controller. He subsequently became the Managing Director of Heavy Equipment Division and the Director of Financial Services Division. He joined FACB Berhad as the Chief Financial Officer in 1995 and in 1997 was the PA to the Chief Executive Officer of MBF Capital Berhad and as Senior Vice President in MBF Finance Berhad. Since 2000 he became the Chief Executive Officer of Goldwealth Capital Sdn Bhd and is currently the Chief Executive Officer a Widetech (M) Berhad.

He is also on the Board of Widetech (Malaysia) Berhad since September 2004. He has no other directorship in other public companies. He has no family relationship with any director and/or substantial shareholder. There is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Attended all the four Board meetings.

EN. MOHAMAD JAMIL BIN MOHD YUSOF

64 years, Malaysian.

Bachelor of Science in Electrical Engineering from the University of Strathclyde and a Diploma in Radio Engineering from Technical College, Kuala Lumpur.

First appointed to the Board on 15 September 1997.

Independent Non-Executive Director.

Member of the Audit Committee, Nomination Committee and Remuneration Committee.

He started his career with Radio TV Malaysia (RTM) as a Technical Assistant and later became a Regional Engineer and a Project Engineer. During his tenure with RTM from 1963 to 1974, he was involved in operations and maintenance of Radio/ TV equipment and later in establishing new broadcasting stations. He then joined Chubb Malaysia Sdn Bhd as a Manager in Electronics Division. In 1982, he was appointed as Deputy Managing Director and subsequently became the Managing Director. In 1994, he joined G-Five Security Consultancy Sdn Bhd as its Managing Director.

He has no other directorship in other public companies. There is no family relationship with any director and/or substantial shareholder. He has no conflict of interest with the Company and there are no convictions for any offences within the last 10 years.

Attended all the four Board meetings.

EN. ZAHEDI BIN HAJI MOHD ZAIN

52 years, Malaysian.

Bachelor of Science Hons. (Applied Science) from Brighton Polytechnic, United Kingdom.

On 22 December 2001, he was appointed as the Alternate Director to Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohd Ali. He was previously a member of the Board of Directors from 26 January 1994 to 22 December 2001.
Member of the Executive Committee and Risk Management Committee and ESOS Option Committee.

He started his career as a production engineer with Petronas in 1981. In 1985 he joined Perusahaan Dapat Sdn Bhd (now known as Autoliv Hirotako Safety Sdn Bhd) as an Executive Director, a position which he still holds.

He is also a Director of Hirotako Holdings Berhad since 1994. He has no other directorships in other public companies. His mother, Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali is also a member of the Board. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest. There are no convictions for any offences within the last 10 years.

As the Alternate Director to Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali, he has attended one of the Board meetings in her absence and three Board meetings in her presence.

MR. WONG SWEE SEONG

43 years, Malaysian.

Bachelor of Science in Business Administration in Material and Operation Management, and a Post Graduate in International Business from Portland State University, USA. He has an Executive MBA in Human Resource Development from MIM – Hull University United Kingdom. He is also a graduate of Harvard Business School Malaysia.

On 22 December 2001, he was appointed as Alternate Director to Mr. Wong Cheek Lung. He was previously a member of the Board of Directors from 26 January 1994 to 22 December 2001.

Senior Manager – Business Development

Secretary to the Remuneration Committee.

He has a vast experience in training and development of the marketing and project team. He had been previously involved in the implementation of policies and strategies within the Fitters Group.

He has no other directorship in other public companies. His father, Mr. Wong Cheek Lung and his brother, Dato' Wong Swee Yee are on the Board. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

As the Alternate Director to Mr. Wong Cheek Lung, he has attended three of the board meetings in his presence and one Board meeting in his absence.

> group financial highlights

As at 31 December 2006 and for the preceeding 5 years

RM'000	2002	2003	2004	2005	2006
Revenue	89,669	115,463	85,528	143,332	128,421
Profit before taxation	4,415	7,782	9,340	12,547	16,081
Taxation	(1,626)	(1,438)	(2,215)	(3,266)	(3,880)
Profit after taxation	2,789	6,344	7,125	9,281	12,201
Minority interests	87	(45)	(85)	(101)	(169)
Profit for the year	2,876	6,299	7,040	9,180	12,032
Share Capital	37,684	41,452	41,452	41,452	62,177
Distributable Reserves	7,362	13,119	18,965	25,758	18,600
Non-Distributable Reserves	5,406	5,291	5,331	5,281	1,943
Shareholders' Fund	50,452	59,862	65,748	72,491	82,720
Fixed Assets	19,993	16,655	14,960	14,983	7,996
Investments	1,663	1,871	5,534	5,533	5,316
Development Property	172	172	2,003	2,129	-
Goodwill	14,697	14,996	14,996	14,996	14,992
Deferred Tax Asset	-	-	-	-	4
Current Assets	65,780	65,444	89,244	103,268	116,804
Total Tangible Assets	87,608	84,142	111,741	125,913	130,120
Bank Borrowings	27,670	17,403	39,593	37,212	31,817
Net Tangible Assets	37,906	46,338	52,310	59,152	69,407
Weighted Average Share Capital	37,684	39,624	41,452	41,452	62,177
Net Tangible Assets per share (sen)	100.59	116.94	126.19	142.70	55.81
Earnings per share (sen)	7.63	15.90	16.98	22.15	9.68

> group quarterly performance (unaudited)

	1st QUARTER 31-Mar-2006 RM'000	2nd QUARTER 30-June-2006 RM'000	3rd QUARTER 30-Sep-2006 RM'000	4th QUARTER 31-Dec-2006 RM'00
CONDENSED CONSOLIDATED INCOME STATEMENT				
Revenue	25,820	40,040	30,041	32,520
Cost of sales	(20,965)	(31,234)	(23,559)	(22,784)
Gross profit	4,855	8,806	6,482	9,736
Other income	3,364	212	131	285
Administrative expenses	(2,857)	(3,321)	(3,493)	(4,571)
Selling and marketing expenses	(688)	(438)	(376)	(881)
Finance costs	(61)	(95)	(129)	(115)
Profit before tax	4,613	5,164	2,615	4,454
Income tax expense	(220)	(1,619)	(941)	(943)
Profit for the period	4,393	3,545	1,674	3,511
Attributable to :				
Equity holders of the parent	4,348	3,556	1,642	3,408
Minority Interests	45	(11)	32	103
	4,393	3,545	1,674	3,511
Earning per share (sen)	10.49	8.58	1.32	2.74

> group quarterly performance (unaudited)

	1st QUARTER 31-Mar-2006 RM'000	2nd QUARTER 30-June-2006 RM'000	3rd QUARTER 30-Sep-2006 RM'000	4th QUARTER 31-Dec-2006 RM'000
CONDENSED CONSOLIDATED BALANCE SHEET				
ASSETS				
Non-current assets				
Property, plant and equipment	7,885	7,823	7,640	8,082
Land held for property development	2,129	2,129	2,129	2,061
Investment Properties	1,461	1,461	1,461	1,430
Prepaid lease payments	669	665	661	656
Intangible assets	14,996	14,996	14,996	15,012
Available-for-sale financial assets	4,072	4,069	4,071	4,049
	31,212	31,143	30,958	31,290
Current Assets				
Inventories	9,225	8,526	9,760	9,226
Contract Work-in-progress	10,884	13,103	12,418	11,358
Trade Receivables	32,351	36,581	37,392	33,233
Other Receivables	28,056	30,485	40,861	39,941
Tax Recoverable	950	902	714	621
Deposits with Licensed Banks	8,128	7,108	888	5,568
Cash and bank balances	7,581	8,421	5,107	5,531
	97,175	105,126	107,140	105,478
TOTAL ASSETS	128,387	136,269	138,098	136,768
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share Capital	41,452	41,452	62,178	62,178
Share Premium	3,206	3,206	-	-
Revaluation Reserves	533	533	533	533
Capital Reserves	1,360	1,360	1,360	1,360
Exchange Reserves	61	52	48	49
Retained Earnings	28,315	31,871	15,993	19,401
	74,927	78,474	80,112	83,521
Minority Interests	1,703	1,692	1,724	1,678
Total equity	76,630	80,166	81,836	85,199
Non-current liabilities				
Long Term Borrowings	25,166	25,160	25,157	25,143
Other Long Term Liabilities	507	450	399	331
Deferred Taxation	385	542	546	415
	26,058	26,152	26,102	25,889
Current Liabilities				
Contract Work-in-progress	7,135	5,643	7,556	4,379
Short Term Borrowings	7,436	10,139	9,000	6,072
Trade Payables	6,355	8,226	7,121	9,788
Other Payables	3,384	3,814	5,167	3,793
Lease and Hire Purchase Creditors	403	357	315	271
Provision for Taxation	986	1,772	1,001	1,377
	25,699	29,951	30,160	25,680
Total liabilities	51,757	56,103	56,262	51,569
TOTAL EQUITY AND LIABILITES	128,387	136,269	138,098	136,768
Net Assets per Share (sen) **	184.86	193.39	65.81	68.51

***Net assets per share is calculated based on Total Assets (including intangibles) minus Total Liabilities divided by the total number of ordinary shares. The share split and bonus issue was effected in the third quarter of 2006.*

> statement on corporate governance

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of Fitters Holdings Berhad ("Fitters" or "the Company") recognises the exercise of good corporate governance in conducting the affairs of Fitters with integrity, transparency and professionalism as a key component in fulfilling Fitters' Corporate Mission to provide the best solutions in the fire protection industry vis-à-vis, maximising shareholders' value.

The Board considers that it has complied throughout the financial year the Principles and Best Practices laid down by the Malaysian Code of Corporate Governance ("the Code"). The Board is hereby pleased to present how the Code have been applied and put in place during the financial year ended on 31 December 2006.

1. THE BOARD OF DIRECTORS

1.1 Duties and Responsibilities

The Company recognises the importance of the Board's stewardship in defining strategies and policies in conducting its business, employee relations and social obligations. The concept of transparency, accountability and integrity forms the foundation to which the Board discharges its duties. The roles and functions of the Executive and Non-Executive Directors, have been brought to bear when consolidating their invaluable knowledge and experiences in various industries in making strategic corporate decisions.

The Board has appropriately delegated specific task to six Board Committees, to focus on various issues. They are the Audit Committee, Executive Committee (EXCO), Nomination Committee, Remuneration Committee, Risk Management Committee and ESOS Option Committee. The Terms of Reference of these committees are set out on page 26 to page 31. These Committees have wide ranging authorities to examine particular issues and make recommendation to the Board who holds the ultimate responsibility.

The Board meets on regular basis on matters reserved specifically for its decision to ensure the overall strategic direction and control of the Fitters Group. These include matters such as dividend policy, major asset acquisitions and disposals, joint ventures and investments decisions, issue of new shares, related party transactions, financial performance and other important matters which fall into the purview of the Board.

The Board maintains a supervisory control over management through the guardianship of the Executive Committee who ensures implementation of standard operating procedures and financial limits on discretionary authority.

1.2 Board Balance

The Board has six members providing a balanced mix of one Executive, two Non-Independent Non-Executive and three Independent Non-Executive Directors. There is a clear segregation of responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority. The Board is led by En. Mohammad Nizar Bin Idris as the Independent Non Executive Chairman. Dato' Wong Swee Yee, the Managing Director, leads the executive management of the Company. No one individual or small group of individual Directors dominate the Board's decisions. The composition of the Board fairly reflects the interest of the majority and minority shareholders. The Board has identified En. Mohamad Jamil Bin Mohd. Yusof as the Senior Independent Non-Executive Director to whom concerns may be conveyed in accordance with the requirement of the Code.

The Independent Directors are independent of management and free from any relationship or any transaction, which may interfere with their independent judgement. The Board complies with the Listing Requirements of paragraph 15.02 whereby at least one-third of the Board is independent.

The Board's wide range of experience in various fields collectively form a balanced mix of specific industry knowledge, business, commercial and financial experiences. Their diverse skills, expertise and attributes form the substance to which it discharges its duties. Their individual and collective roles are important to ensure that the strategies proposed by Management are fully discussed and examined by taking into account the long-term interest of not only the shareholders but also the employees, customers, suppliers and other relevant parties.

1. THE BOARD OF DIRECTORS (CONTD.)

1.3 Meetings

The Board met on a scheduled basis of four times a year for the financial year ended 31 December 2006, at the registered office. Details of attendance of these meetings are as follows: -

Directors	No. of Meetings Attended
En. Mohammad Nizar Bin Idris	4 / 4
Dato' Wong Swee Yee	4 / 4
Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali *	3 / 4
Mr. Wong Cheek Lung**	3 / 4
Mr. Kong Sin Seng	4 / 4
En. Mohamad Jamil Bin Mohd Yusof	4 / 4

Notes:
** One of the Board meeting was attended by her Alternate, En. Zahedi Bin Haji Mohd Zain.*
*** One of the Board meeting was attended by his Alternate, Mr. Wong Swee Seong.*

At the Board meetings, major investment decisions, business plans and directions of the Group were discussed. The financial and operational performance of the Group were also discussed and weighed against historical performance and the budget for the year. Internal control weaknesses and risk management issues were also highlighted and discussed by the Audit Committee's Chairman and the Risk Management Committee's Chairman. The Board was also briefed by the Remuneration Committee on major issues discussed and concluded.

The Board would receive documents on matters requiring its consideration in advance of each meeting. Proceedings of the meetings were minuted.

1.4 Supply of Information

The Board members have unrestricted access to timely and accurate information, necessary in the performance of their duties as a full board as well as in their individual capacities.

Prior to each Board meeting, every Director is given an agenda and a set of Board Papers for each agenda to be deliberated. The Board Papers include minutes of the previous meeting, quarterly financial results, issues requiring the Board's deliberation and approval and other ad-hoc reports. Minutes of the Executive Committee, Audit Committee and Nomination Committee are extended to the members of the Board at the conclusion of each meeting. The findings of the Risk Management Committee were extended to the Board.

All Directors have access to the advice and services of the Company Secretary, the Internal Auditor and the External Auditors. In the execution of their duties as Directors, whenever independent professional advice is required, external independent expert may be engaged at the expense of the Company. However, no such advice was sought by any Director for the financial year 2006.

1.5 Appointments to the Board

The appointment of new Directors is under the purview of the Nomination Committee which is responsible for making recommendations to the Board on suitable candidate for appointment.

The composition of the Committee, which consist of Independent Non-Executive Directors, are as follows: -

Chairman	En. Mohammad Nizar Bin Idris
Members	En. Mohamad Jamil Bin Mohd Yusof Mr. Kong Sin Seng
Secretary	Kung Whooi Ning

1. THE BOARD OF DIRECTORS (CONTD.)

1.5 Appointments to the Board (Contd.)

During the financial year 2006, the Nomination Committee met and deliberated on the composition and performance of the Board members. It was concluded that the calibre, experiences, qualifications and the present mix of Board members appear to be sufficiently adequate and capable in managing the Company and ensuring the Group's strategies are properly considered and implemented. No new appointments to the Board or to any Board Committees were recommended.

1.6 Re-election

In accordance with Article 83, of the Company's Articles of Association, one third of the Directors for the time being, or the number nearest to one third, shall retire from office and be eligible for re-election, at the Annual General Meeting provided always that all Directors shall retire from office once in at least three years. In the case of filing in casual vacancy, Article 90, provides that all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity at the Annual General Meeting after their appointment.

The Article 118, further provided that the Directors may from time to time appoint anyone or more of their body to be the Managing Director. Any such appointment shall be for a period of not exceeding three years subject to reappointment and on such terms, as the Directors think fit. And in Article 120, the Managing Director while he continues to hold the office is subject to retirement by rotation and be reckoned as a Director for the purpose of determining the rotation of retirement. At the 18th Annual General Meeting, the Managing Director was subject to rotational retirement under Article 83 of the Company's Articles of Association.

Section 129 (6) of the Companies Act, 1965, which requires a separate resolution be passed to reappoint Directors who are over 70 years of age as Directors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. The resolution must be passed by a majority of not less than three fourths of such members of the Company as being entitled to vote in person or, where proxies are allowed, by the proxy, at the Annual General Meeting of the Company.

This re-election process provides an opportunity for the shareholders to renew their mandates. In order to assist the shareholders in their decision, sufficient information such as personal profiles, meeting attendance and their shareholdings in the Company for each Director standing for re-election and reappointment are furnished in this Annual Report.

1.7 Training

As an integral element in the process of appointing new Directors, there will be a period of orientation and education for the new Board members.

The Listing Requirements provided that, all first time Directors of a public company must attend the Mandatory Accreditation Programme ("MAP") within four months of their appointment. Upon successfully concluding the MAP, the Directors shall undergo the Continuing Education Programme ("CEP").

Having completed the MAP prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board continues to benefit from attending programmes and seminars accredited under Bursa Securities CEP.

The Board acknowledges the amendments to the Listing Requirements of Bursa Securities via their letter dated 7 October 2004 which stated that from the year 2005 onwards, the board of directors of listed companies will assume the onus of determining or overseeing the training needs of their directors.

The Company acknowledges that continuous education is vital for the Directors to gain insight into the state of the economy, technological development, latest regulatory developments and management strategies in relation to the Fitters Group's core business.

All the Directors' except for Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali and Mr. Wong Cheek Lung have complied with the CEP requirements. The Board did not prescribe additional training for the year 2006. Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali sits on various Boards of public as well as private companies and have been attending conferences and public events which kept her up to date on the developments in the country and around the world.

2. DIRECTORS' REMUNERATION

2.1 Remuneration Committee

The Company had on 22 December 2001 established a Remuneration Committee in line with the Code. The composition of the Committee is as follows:

Chairman	En. Mohammad Nizar Bin Idris	*Independent Non-Executive*
Members	Dato' Wong Swee Yee En. Mohamad Jamil Bin Mohd Yusof	*Executive Director* *Independent Non-Executive*
Secretary	Mr. Wong Swee Seong	

During the financial year 2006, the Committee met to review and deliberate on the remuneration scheme. The Committee concluded that the levels of remuneration set for each individual Director is sufficient to attract and retain the Directors. The component parts of the remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. The level of remuneration of Non-Executive Directors would reflect their experience and level of responsibilities undertaken.

2.2 Details of Directors' Remuneration

Pursuant to paragraph 9.25 of the Listing Requirements, summary of the remuneration of the Directors for the financial year ended 31 December 2006 are shown as Note [9] in the Notes to the Financial Statements on page 68 and page 69.

3. SHAREHOLDERS

3.1 Dialogue between the Company and Investors

The Company recognises the importance of establishing a direct line of communication with shareholders and investors through timely dissemination of information of the Company's performance and major developments through:-

(a) the Annual Report;
(b) the various disclosures and announcements made to Bursa Securities including the Quarterly Results and the Annual Results;
(c) explanatory circulars on business requiring shareholders' approval; and
(d) the Company's website www.fittersgroup.com

As part of the Company's continuous investors relation and communication, the Company held dialogues and briefed various research and investment analysts on the Fitters Group's strategies, performance and major developments.

3.2 The Annual General Meeting

The Company's Annual General Meeting ("AGM") has been serving as a principal forum for dialogue with the shareholders. The Chairman and the Board encourage all shareholders to attend and participate at the AGM in order to know the latest developments and have a clear and complete picture pertaining to the Company's performance and their plans for the future. This also provides an opportunity for shareholders to have a dialogue with the Directors to share and exchange their views and opinions at the AGM.

4. ACCOUNTABILITY AND AUDIT

4.1 Internal Control

The Company adopts a comprehensive, purpose driven management system, whereby the Company's mission is incorporated into its objectives which are supported by strategies, action plans, controls and monitoring systems encompassing internal controls and risk management.

The system of internal control is continuously being reviewed and improved in line with the changing business environment, industry practices and risk-rewards profiles. The Company has an Internal Audit Department (which reports directly to the Audit Committee) to conduct periodic reviews on compliance with internal control procedures and practices and to review the effectiveness of the system. The Statement on Internal Control is set out in page 25 which provides an overview of the state of internal controls within the Group.

4.2 Risk Management

The Risk Management Committee was formalised in 2002. Since then, the following has been carried out :-

- Risk Management Workgroups, comprising of key personnel from each department within the respective business was set up.
- A continuous series of workshops on risk management were conducted. The workshops were held to raise the level of knowledge of risk management for the managers and to enhance their understanding of the risk, which would potentially affect the operations and the results of their respective operating units.
- A database of all risk and controls has been created and information filtered to produce a detail risk register by profiling the individual risk for each business units and areas of operations. Key risks to each unit's objectives and functions are aligned with the Group's objectives are identified and scored based on the likelihood of the risk occurring and the magnitude of impact.
- A consolidated risk profile of the Group and detailed action plans to address key risk areas were developed and presented to the Board.

4.3 Financial Reporting

The Board aims to present a balance and meaningful assessment of the Company's position and prospects to the shareholders' primarily through the annual financial statements, quarterly financial reporting as well as the Chairman's Statement on review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Fitters Group's financial reporting process and the quality of its financial reporting. This applies to price-sensitive public reports and reports to regulators.

4.4 Relationship with the Auditors

The Company works closely with the External Auditors and maintained a transparent relationship with them in seeking professional advice and ensuring compliance with applicable approved accounting standards and statutory requirements.

The Internal Auditors are independent with unrestricted access to information and rendered full cooperation by all levels of management in order to carry out their functions effectively. The Company is aware that the Internal Audit function forms an integral part of an effective system of corporate governance. Thus the External Auditors and Internal Auditors' impartiality, integrity and objectivity are greatly respected and being reciprocated by their professionalism in conducting audits of the Company.

> audit committee report

AUDIT COMMITTEE REPORT

The Board of Directors of Fitters Holdings Berhad is pleased to present the Audit Committee's report for the financial year ended 31 December 2006.

CONSTITUTION

The Audit Committee was formed in June 1994. The Terms of Reference of the Audit Committee is set out in pages 26 to 27.

COMPOSITION, MEMBERS AND MEETING

The current Audit Committee comprises of three members of the Board of which two are Independent, Non-Executive Directors. The Chairman of the Committee is a member of one of the professional accounting body as stipulated in Part II of the 1st Schedule of the Accountants Act, 1967.

During the financial year under review, four Audit Committee meetings were held. The attendance of each Committee member is tabulated below: -

Members		No. of Meetings Attended
Mr. Kong Sin Seng (Chairman)	Independent Non-Executive	4 / 4
Dato' Wong Swee Yee	Executive	4 / 4
En. Mohamad Jamil Bin Mohd Yusof	Independent Non-Executive	4 / 4

Members of the Senior Management team, the Internal Auditor and the External Auditors (Ernst & Young), whenever required, have been invited to attend the Audit Committee meetings.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year 2006, four meetings were convened to review and discuss the following: -

i. The external auditors' scope of work and audit plans for the year, prior to the commencement of the audit.

ii. The results of the audit, the audit report and the management letter including management's responses to the external auditors report.

iii. The Audited Financial Report of the Company.

iv. The announcement of the unaudited financial results for all the quarters before recommending them for the Board's approval, upon being satisfied that the financial reporting standards and disclosure requirements by Bursa Malaysia Securities Berhad have been adhered to.

v. Recurrent related party transactions entered into by the Group to ensure that they are conducted at arm's length and are on normal commercial terms consistent with the Group's usual business practices and policies and that such transactions are not detrimental to the interest of the minority shareholders.

vi. The Internal Audit department's resource requirements, audit programme and plan for the financial year. In reviewing the Plan, the Audit Committee delved into the scope and coverage of the activities of the respective business units of the Group and the basis of assessment and risk evaluation of the proposed areas of audit.

vii. The internal audit reports highlighted the risk issues, recommendations by the internal auditor and the corresponding company management's response. The actions taken to improve the system of internal control based on in the internal audit reports with management were also discussed.

viii. The Statement of Corporate Governance and Internal Control statement for disclosure in the Annual Report.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The primary function of Internal Audit Department is to assist the Audit Committee in discharging its duties and responsibilities. Its role is to undertake systematic and independent review of the following: -

i. The adequacy and integrity of the internal control system, in managing key risk areas, to provide reasonable assurance that the system continues to operate satisfactorily, effectively and in compliance with the Group's established policies.

ii. Internal controls of each activity based on the risk profiles established under the risk management framework as identified by the respective head of operations.

For the financial year ended 31 December 2006, the Internal Audit Department carried out audits and follow-up audits on various operating units in the Group according to the Annual Audit Plan.

Internal audit reports incorporating audit recommendations and management responses with regards to audit findings relating to the weaknesses in the systems and controls of the respective operations audited were issued to the Audit Committee and the Management of the respective operations. Improved measures were recommended to strengthen the controls and follow-up audits are being carried out to assess the status of implementation of the agreed audit recommendations by Management.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The scheme came into effect on 9 May 2001. At the Annual General Meeting on 27 June 2005, the ESOS was extended for a further period of five years, till 9 May 2011. To date no options have been granted and exercised during the financial year 2006.

> director's responsibility statement

Pursuant to Paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia Securities Berhad

The Directors are required by the Companies Act, 1965, to prepare financial statements for each financial year which have been made out in accordance with the applicable Approved Accounting Standards which give a true and fair view of the state of affairs, the results and the cash flows of the Group and of the Company at the end of the financial year.

In preparing the financial statements, the Directors have:-

- selected accepted accounting policies and applied them consistently;
- ensured that all applicable accounting standards have been followed and if there are any material departures, to disclose and explain in the financial statements;
- made judgements and estimates that are reasonable and prudent; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time, the financial position of the Group and of the Company and are in compliance with the Companies Act, 1965. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and have taken reasonable steps for the prevention and detection of fraud and other irregularities.

> statement on internal control

Pursuant to Paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad

RESPONSIBILITY

The Board of Directors acknowledges its responsibility for maintaining sound internal control procedures to safeguard shareholders' investment and the Group's assets. This includes reviewing the strategic direction, financial, operational and compliance controls, and risk management policies and procedures. However, there are limitations that are inherent in any system of internal controls and that such control systems are designed to manage and control risks to an acceptable level. Accordingly, it should be noted that these systems could only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has put in place an ongoing risk management process for identifying, documenting, evaluating, monitoring and managing significant risks affecting the achievement of the Group's business objectives.

GROUP RISK MANAGEMENT FRAMEWORK

Being an integral part of the Group's operations, management is entrusted with the responsibility for managing risks and internal controls associated with operations and ensuring compliance with the applicable laws and regulations. Management is responsible for creating a risk awareness culture and to build the necessary environment for effective risk management.

The Risk Management Committee closely monitors the risk management function and there are continuous plans to enhance the level of knowledge of risk management and understanding of risks affecting the Group among senior management and the Board.

RISK ASSESSMENT AND REPORTING SYSTEM

Risk rating and corrective actions are reviewed on a regular basis by the risk owners to identify and evaluate any emerging new risks, update the risk profiles and follow-up with the implementation of the proposed action plans. Periodically, all risks that are rated as "high" and "significant" together with their corrective measures will be summarised and compiled by the Group Internal Auditor for review by the Risk Management Committee and subsequent presentation to the Board.

KEY RISK CONTROL PROCESS

The Group has an established system of internal control that enables the management to ensure that established policies, guidelines and procedures are followed and complied with. Some key processes are as follows :

- **Organisation Structure** designed to clearly delineate authorisation levels and proper segregation of duties.
- **Board Delegated Committees**. The Executive Committee ("EXCO") reviews and recommends high-level policies for the Group as well as monitors and reviews the performance of its business units. The Risk Management Committee ("RMC"), comprising the senior management of the Group, undertakes to oversee the Group's risk management process as guided by its Risk Management Framework.
- **Monthly Performance Review.** The monthly EXCO meetings report on the performance and profitability of each business unit through the review of key performance indicators, budgets and management reports.
- **Group Operating Procedures** that laid down the objectives, scope, policies and operating procedures to be complied by the business units, which are regularly reviewed and updated. Certain companies have ISO 9001:2000 accreditation for their operational processes.
- **Centralisation of Functions.** Key functions such as accounts, tax, treasury, procurement of materials and human resource are controlled centrally to ensure compliance to approved procedures.
- **Audits.** Periodic reviews by the Group Internal Auditor, providing independent assurance on the effectiveness of the Group's system of internal control and advising management on areas for further improvement.
- **Audit Committee ("AC").** AC meetings are held quarterly to deliberate findings and recommendations highlighted in the internal audit reports, review Group's quarterly financial statements and other issues that warrant AC's attentions.

The Board believes that the development of a sound system of internal controls is an ongoing process and continues to take appropriate action plans to improve the Group's system of internal control.

> board committees - terms of reference

1. AUDIT COMMITTEE

OBJECTIVES

The primary objectives of the Audit Committee are:

(a) to act as a committee of the Board; to assist in discharging the Board's responsibilities as they relate to the Company's management and internal controls, accounting policies and financial reporting;

(b) to provide, by way of regular meetings, an additional line of communication between the Board and the auditors.

MEMBERS

Appointment to the Audit Committee shall be by the Directors from among their number. The Committee shall number not fewer than three and shall comprise a majority of Directors who are Independent Directors and free from any relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of an Audit Committee.

No alternate Director shall be appointed as a member of the Audit Committee.

At least one member of the Audit Committee: -

(i) must be a member of the Malaysian Institute of Accountants; or

(ii) if he is not a member of the Malaysian Institute of Accountants he must have at least three years' working experience and :-

  (aa) he must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or

  (bb) he must be a member of one of the associations of accountant specified in Part II of the 1st Schedule of the Accountants Act 1967.

MEETINGS

Meetings shall be held not less than four times a year. The external auditors may request for meetings if they consider necessary to discuss matters which he believes should be brought to the attention of the Committee.

The external auditors shall appear before the Committee when required to do so. The external auditors shall have the right to appear and be heard at any meeting of the Committee.

The Company Secretaries shall be the Secretaries of the Committee.

In order to form a quorum in respect of a meeting of an Audit Committee, the majority of members present must be Independent Directors.

In the event of any vacancy in an Audit Committee resulting in the non-compliance of the membership composition of the Audit Committee, the Company must fill the vacancy within 3 months.

The term of office and performance of an Audit Committee and each of its members are subject to the Board of Directors' review at least once every 3 years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

AUTHORITY

The Committee is authorised by the Board to investigate any activities within the terms of reference. It is authorised to seek information it requires from employees and all employees are directed to co-operate with any requests made by the Committee.

The Committee is authorised by the Board to obtain outside legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if considered necessary.

RESPONSIBILITIES

The Audit Committee shall have the following responsibilities:

(a) to review with external auditors :-
- the audit plan,
- their evaluation of the system of accounting controls,
- the audit report on financial statements,
- the assistance given by the Company's officers to the auditors;

(b) to review the financial statement with management and the auditors prior to them being approved by the Board;

(c) to review the effectiveness of management information and other systems of control within the Company;

(d) to review procedures established by management for compliance with any regulatory or other external reporting requirements;

(e) to review accounting policies adopted, any changes in accounting principles or practices, and the level of prudence applied in areas requiring judgement;

(f) to review quarterly report, annual financial statements and press releases relating to financial matters of importance and to recommend to the Board on their release and adoption;

(g) to confirm that management has placed no restriction on the scope of audit;

(h) to recommend to the Board the appointment of external auditors and the audit fee thereof;

(i) to perform such other functions as may be agreed to by the Audit Committee and the Board of Directors;

(j) to review the internal audit programme, the processes and the reports and investigation undertaken and whether or not appropriate action is taken on the recommendations by the internal audit;

(k) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;

(l) any letter of resignation from the external auditors of the Company;

(m) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for reappointment; and

(n) to verify the allocation of options as being in compliance with the criteria pursuant to the ESOS, at the end of each financial year.

2. EXECUTIVE COMMITTEE ("EXCO")

OBJECTIVES

To be the principal decision making body for day-to-day operational matters that cannot be dealt with by the respective operational heads due to the significance and/or magnitude of the issue or transaction involved.

- To review operational and financial performance of all operating units under Fitters Holdings Bhd.
- To discuss operational issues, business development, business plans and budgets, personnel and all matters relating to the running a the operating units.
- Act as a check and balance for major operational decisions that require an independent and objective evaluation.
- To act as an evaluation and consultation panel to facilitate prompt and effective decision making by the Board of Directors.
- Enable faster response to operational issues.
- Provide approvals based on authority levels sanction by the Board of Directors to facilitate effective running of the operational units.

> board committees - terms of reference

3. NOMINATION COMMITTEE

COMPOSITION

The Nomination Committee shall consist of not less than three members. All the members shall be non-executive Directors, the majority of whom are independent.

QUORUM

The quorum for each meeting shall be a majority of the present members.

CHAIRMAN

The members of the Nomination Committee shall elect a chairman from among their number.

MEETINGS

The meetings shall be held not less than once a year. A member may at any time and the secretary shall on the requisition of a Director summon a meeting of the Nomination Committee.

Questions arising at any meeting of Nomination Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Nomination Committee.

The Company Secretaries shall be the secretaries of the Nomination Committee.

OBJECTIVES

The primary objectives of the Nomination Committee is to assist in discharging the Board's responsibilities:

(a) Assessing the existing Directors' ability to contribute to the effective decision making of the Board.

(b) Identifying, appointing and orientating new Directors;

(c) Identifying the mix skills and experience and other qualities the Board requires for it to function completely and efficiently.

RESPONSIBILITIES

The Nomination Committee shall have the following responsibilities:

(a) Recommend to the Board, candidates for all Directorships to be filled by the shareholders or the Board.

(b) Consider in making its recommendations, candidates for Directorship proposed by the Managing Director and within the bounds of practicability, by any other senior executive or any Director or shareholder.

(c) Recommend to the Board, Directors to fill seats on Board Committee.

(d) Assess the effectiveness of the Board as a whole.

(e) Assess the effectiveness of the committees of the Board.

(f) Assess the contribution of each individual Director.

(g) Review and recommend to the Board the required mix of skills and experience and other qualities the Board requires in order to function completely and efficiently.

(h) Any other ad-hoc duties that may be required by the Board.

AUTHORITY

(a) The Committee is authorised by the Board to investigate any matter under its terms of reference, to obtain the resources which it needs, and to have full and unrestricted access to information.

(b) The Committee is authorised by the Board to seek appropriate professional advice as and when necessary or engage consultants at the Company's expense to aid the Committee in the discharge of its duties.

4. REMUNERATION COMMITTEE

COMPOSITION

The Remuneration Committee shall consist of not less than three members, comprising of one Executive Director and two non-executive Directors.

QUORUM

The quorum for each meeting shall be a majority of the present members.

CHAIRMAN

The members of the Remuneration Committee shall elect a chairman from among their number who shall be a non-executive Director.

MEETINGS

The meetings shall be held not less than two times a year. A member may at any time and the secretary shall on the requisition of a Director summon a meeting of the Remuneration Committee.

Questions arising at any meeting of Remuneration Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Remuneration Committee.

The Director of Human Resources shall be the secretary of the Remuneration Committee.

OBJECTIVES

(a) To assist the Board in discharging its responsibilities in ensuring that the Company's and the Group's Executive Directors and the senior management team are fairly rewarded for their individual contributions to the Company's and the Group's overall performance and the levels of remuneration is sufficient to attract and retain the best Executive Directors and senior managers to run the Company and the Group successfully.

(b) To recommend to the Board on the policies and framework for the Company and the Group in relation to staff remuneration, rewards and benefits.

(c) To oversee and review the scope and quality of human resource projects/programmes of the Company and the Group.

RESPONSIBILITIES

(a) To recommend to the Board the remuneration of the Executive Directors and any other reward scheme to attract and retain the best Executive Directors needed to run the Company and the Group successfully.

(b) To recommend to the Board the terms and employment of new Executive Directors.

(c) To provide an objective and independent assessment of the benefits granted to Executive Directors, management and staff.

(d) To conduct assessment of Executive Directors and to review the assessment of the senior management team to ensure that remuneration is directly related to performance.

> board committees - terms of reference

(e) To recommend to the Board the remuneration of the Chief Internal Auditor, Head of Risk Management and Compliance, any other special positions and members of the senior management team.

(f) To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of executive directors, management and staff.

(g) To review the succession planning programme and leadership framework.

(h) To review and assess the effectiveness of the Human Resource Division in supporting the organisation.

(i) To furnish a report to the Board of any findings of the Committee.

(j) To perform any other functions as defined by the Board.

AUTHORITY

(a) The Committee is authorised by the Board to investigate any matter under its terms of reference, to obtain the resources which it needs and to have full and unrestricted access to information.

(b) The Committee is authorised by the Board to seek appropriate professional advice as and when necessary or engage consultants at the Company's expense to aid the Committee in the discharge of its duties.

5. RISK MANAGEMENT COMMITTEE

OBJECTIVES

Assist the Board to carry out its responsibilities in relation to managing the Company's risk in a systematic and methodical manner. This includes risk assessment evaluation and the setting up of a risk management framework for monitoring of risk on a regular basis.

DUTIES AND RESPONSIBILITIES

- Ensure that the risk policies and procedures of the Company are aligned to the business strategy and risk return directions of the Board.
- Ensure the Company is kept abreast of the current and changing risk profile of the Company through regular communications with management and staff.
- Act as a communication and guidance forum between the Board and the EXCO of the Company.
- Ensure, through the EXCO, that there is an adequate framework for the management of risk in the Company including policy development, organisational structure, resourcing, methodologies employed and reporting.
- Oversee the management of the total risk profile of the Company. This includes regular audit on adherence to policies and procedures set up by the Risk Management Committee.
- Provide a half yearly risk management report to the Board.

MEETINGS

Meetings are held half yearly or more frequently if required.

MEMBERS

At least one independent non-executive director, members of the EXCO and Senior Management/Heads of Division.

The Secretary of the Committee is Mr. Lee Seng Kiang.

6. EMPLOYEE SHARE OPTION SCHEME (“ESOS”) COMMITTEE

The ESOS Option Committee was established to administer and implement Fitters Holdings Berhad’s ESOS in accordance with the approved by-laws, to determine participation, eligibility, option offers, share allocations and to attend to such other matter as may be required.

The members of the ESOS Option Committee are as follows:-

Chairman	En. Zahedi Bin Haji Mohd Zain
Members	Dato’ Wong Swee Yee Mr. Kong Sin Seng Mr. Wong Swee Seong
Secretary	Ms. Kung Whooi Ning

> additional compliance information

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS DURING THE FINANCIAL YEAR 2006

No proceeds were raised from any corporate proposals during the financial year 2006.

2. SHARE BUY-BACK

No share buy-back scheme was in place during the financial year 2006.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Fitters Holdings Berhad's Employees Share Option Scheme ("ESOS") came into effect on 9 May 2001 and was extended for a further five years to 9 May 2011. No options have been granted and exercised during the financial year 2006. The Company has not issued any warrants or convertible securities during the financial year 2006.

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

During the financial year 2006, the Company did not sponsor any ADR or GDR programme.

5. SANCTIONS AND / OR PENALTIES IMPOSED ON THE COMPANY & ITS SUBSIDIARIES, DIRECTORS OR MANAGEMENT BY THE RELEVANT AUTHORITIES

During the financial year 2006, there were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant authorities.

6. NON-AUDIT FEES

During the financial year 2006, the total non-audit fees paid to the external auditors of the Company was RM35,000.

7. VARIATION IN RESULTS

There were no variances of 10% or more between the results for the financial year 2006 and the unaudited results previously announced.

8. PROFIT GUARANTEE

There were no profit guarantees made or given in relation to the financial year 2006.

9. MATERIAL CONTRACTS AWARDED TO DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

There were no material contracts entered into by the Company and its subsidiaries involving Directors and/or substantial shareholders during the financial year nor any whose interest still subsist at the end of the financial year, as at 31 December 2006.

> additional compliance information

10. ANALYSIS OF SHAREHOLDING

The following analysis of shareholding is as at 30 March 2007, a date not earlier than six weeks from the date of the notice of the Annual General Meeting.

(i) List of Substantial Shareholders as per the Register of Substantial Shareholders:

Substantial Shareholders	Direct Interest No. of Shares	(%)	Deemed Interest No. Of Shares	(%)
Dato' Wong Swee Yee	48,447,356	38.96	-	-

(ii) Directors' Shareholding

(a) In the Company

		Direct interest		Deemed interest	
	Name	**No. of shares**	**(%)**	**No. of shares**	**(%)**
1	En. Mohammad Nizar Bin Idris	-	-	-	-
2	Dato' Wong Swee Yee	48,447,356	38.96	-	-
3	Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali	-	-	*112,500	0.09
4	Mr. Wong Cheek Lung	5,004	**	-	-
5	Mr. Kong Sin Seng	-	-	-	-
6	En. Mohamad Jamil Bin Mohd Yusof	-	-	-	-
7	En. Zahedi Bin Haji Mohd Zain	2,868	**	*112,500	0.09
8	Mr. Wong Swee Seong	2,487,004	2.00	-	-

*Note *Deemed interest by virtue of his/her substantial shareholdings in Sijas Holdings Sdn Bhd and Saleha & Anak - Anak Holdings Sdn Bhd.*

*** Negligible*

(iii) Distribution schedule of Ordinary shares of RM0.50:

No. of Holders	Holdings	Total Holdings	%
3	Less than 100 shares	222	0.00
142	100 to 1,000 shares	93,026	0.07
1,755	1,001 to 10,000 shares	9,601,090	7.72
698	10,001 to 100,000 shares	22,651,756	18.22
106	100,001 to less than 5% of issued shares	43,561,734	35.03
3	5% and above of issued shares	48,447,356	38.96
2,707		124,355,184	100.00

(iv) There is only one class of equity securities which is ordinary shares of RM0.50 each with voting rights of one vote per ordinary share. The total number of shareholders are 2,707.

> additional compliance information

10. ANALYSIS OF SHAREHOLDING (CONTD.)

(v) List of Thirty (30) Largest Securities Account Holders

Name		No. Of Shares	%
1	Wong Swee Yee	27,357,556	22.00
2	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Swee Yee	12,089,800	9.72
3	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Swee Yee	9,000,000	7.24
4	AllianceGroup Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd For Employees Provident Fund	3,148,800	2.53
5	Chai Chau @ Peh Chai Chau	1,804,100	1.45
6	AMMB Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd For Lembaga Kumpulan Wang Kawasan Konsesi Hutan	1,647,000	1.32
7	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank Ag Singapore PBD For Uniocity Enterprises Limited	1,636,000	1.32
8	Chin Chin Seong	1,500,000	1.21
9	Wong Swee Seong	1,300,000	1.05
10	Koh Heok Teo	1,300,000	1.05
11	Wong Swee Seong	1,187,004	0.95
12	KAF Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lai Lan @ Loow Lai Lan	1,087,800	0.87
13	The Poh Guan	1,060,000	0.85
14	Wong Kim Yin	1,020,000	0.82
15	OSK Nominees (Asing) Sdn Bhd UOB Kay Hian Private Limited for Cheng Yong Kwang (Margin)	1,000,000	0.80
16	Cheng Yoong Choong	900,000	0.72
17	AMMB Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd For Sarawak Timber Industry Development Corporation	832,500	0.67
18	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Mew Sim	828,700	0.67
19	Lim Yuk Wai @ Lam Yuk Wai	750,000	0.60
20	SJ Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Hun Ment (SMT)	748,300	0.60
21	Haw Yoo Hoon	730,000	0.59
22	Yon Yu Hon @ Hon Yew Hon	679,500	0.55
23	Shum Yuen Ming	642,000	0.52
24	Chan Hing	634,400	0.51
25	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ysun Chu Tiam @ Soon Chu Tiam (Margin)	606,000	0.49
26	Goh Hooi Yin	605,000	0.49
27	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Tuan Tay	593,000	0.48
28	Teo Peng Boon	565,000	0.45
29	Teo Chin Huat	509,600	0.41
30	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yon Yu Hon @ Hon Yew Hon	489,300	0.39
		76,251,360	**61.32**

11. REVALUATION POLICY

Safe as disclosed in Note 13 of the Notes to the Financial Statements on page 75, the Company does not have any other revaluation policy on landed properties.

12. LIST OF PROPERTIES AS AT 31 DECEMBER 2006

	Description	Address	Net Book Value RM	Tenure	Date of last valuation / acquisition	Existing Use	Age Of Building (Year)
1	3 storey Office 1,779.20 m2	No. 1 Jalan Tembaga SD 5/2 Bandar Sri Damansara 52200 Kuala Lumpur	2,585,924	Freehold	21-8-1991	Tenanted	13
2	2 Storey shop house 143.07 m2	12 Jalan Sagu 5 Taman Daya 81100 Johor Bahru Johor Darul Takzim	200,045	Freehold	5-4-1993	Office	13
3	3 Storey Shop house 143.07 m2	66 Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang	421,224	Leasehold Expire on 2093	24-2-1995	Office	12
4	2 Storey Shop office 130.0 m2	13 Jalan Dato' Haji Megat Khas Taman Bandaraya Utama 31400 Ipoh Perak Darul Ridzuan	235,245	Leasehold Expire on 2093	10-4-1996	Office	12
5	Office Suite 80.64 m2	No.568-8-43 Kompleks Mutiara Jalan Ipoh 51200 Kuala Lumpur	190,960	Freehold	17-11-1997	Vacant	7
6	Office Suite 56.39 m2	No.568-8-28 Kompleks Mutiara Jalan Ipoh 51200 Kuala Lumpur	146,496	Freehold	9-5-2005	Vacant	7
7	Apartment 70.14 m2	D-4-21 Block Rapis Pangsapuri Las Palmas Jalan Desa Ria Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	69,353	Freehold	10-12-1999	Vacant	7
8	Shop Office 73.02 m2	8-2A Jalan Desa 9/3 Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	59,912	Freehold	10-12-1999	Vacant	7
9	1 storey terrace house 121.0 m2	No. 162 Lorong Aneka Taman Aneka 71250 Pasir Panjang Port Dickson	78,014	Freehold	6-10-2000	Vacant	4
10	2 storey town house 149.8 m2	A21, Block 4B Parcel 2515-C HS(M) 805 PT No. 2515, Mukim Dengkil, Precinct 16 Putrajaya	325,757	Freehold	20-4-2001	Tenanted	3
11	Office 172.8 m2	32-03(BK) 3rd Floor Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	186,300	Freehold	21-12-2001	Vacant	5

> additional compliance information

12. LIST OF PROPERTIES AS AT 31 DECEMBER 2006 (CONTD.)

Description	Address	Net Book Value RM	Tenure	Date of last valuation / acquisition	Existing Use	Age Of Building (Year)
12 Office 163.4 m2	32-03(FR) 3rd Floor Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	180,900	Freehold	21-12-2001	Vacant	5
13 Office 336.22 m2	32-01, Block 3 Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	399,500	Freehold	29-01-2004	Vacant	3
14 Apartment 185.81m2	D-18-6 East Lake Residence PT No. 9957, Lot 64411, Mukim Pekan Serdang, Daerah Petaling Selangor	447,250	Leasehold Expire on 15-5-2100	26-03-2004	Under construction	-
15 Land 75,837m2	HS(D) 3108, PT 10573 Mukim Bukit Payung, District of Marang, Terengganu	1,873,907	Freehold	31-05-2004	Land for mixed development	-

13. RECURRENT RELATED PARTIES TRANSACTIONS OF A REVENUE OR TRADING NATURE CONDUCTED PURSUANT TO THE SHAREHOLDERS' MANDATE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

Pursuant to Practice Note 12/2000 issued by the Bursa Malaysia Securities Berhad, the aggregate value of recurrent related party transactions made during the financial year in respect of the Shareholders' Mandate which was obtained on 29 June 2006, are set out below:-

Nature of Transactions/ Fitters and its subsidiaries	Mandated Related Party	From previous AGM to this AGM			
		Estimated value (7)		Aggregate value (8)	
		RM'000	RM'000	RM'000	RM'000
Subcontract works (1)		**Subcontract From**	**Subcontract To**	**Subcontract From**	**Subcontract To**
FE Group,	Pipefab	-	2,000	-	351
FBS Group,	FMPS	200,000	-	7,731	-
FSB Group	KAE	3,000	-	865	-
	Wai Soon	-	8,000	-	3,943
Sales and Purchases of goods and services (2)		**Sell to**	**Purchase From**	**Sell to**	**Purchase From**
FHB, FE Group,	FFT	-	7,000	-	1,721
FBS Group,	FMPS	2,000	1,000	8	279
FSB Group,	Pipefab	500	-	-	-
ASB,	Fsabah	2,000	-	640	-
FMKT,	KAE (4)	40,000	5,000	3,253	-
MPS, FSPL	Wai Soon	50	-	6	-

13. RECURRENT RELATED PARTIES TRANSACTIONS OF A REVENUE OR TRADING NATURE CONDUCTED PURSUANT TO THE SHAREHOLDERS' MANDATE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 (CONTD.)

Nature of Transactions/ Fitters and its subsidiaries	Mandated Related Party	From previous AGM to this AGM			
		Estimated value (7)		Aggregate value (8)	
		RM'000	RM'000	RM'000	RM'000
Royalty (4)		**Receivable**	**Payable**	**Receivable**	**Payable**
FFTAA (Asia)		-	500	-	139
Rental of office and warehouse (6)		**Rent To**	**Rent From**	**Rent To**	**Rent From**
PTS	FFT	50	-	22	-
	Wai Soon	100	-	-	-
MPS	Fsabah	-	10	-	4
	FMPS	20	-	-	-
	KAE	20	-	-	-
Provision of management support such as administration, information technology, human resources and training (7)		**Provided To**	**Provided From**	**Provided To**	**Provided From**
FHB, TSS, MPS,	FFT	-	500	-	-
PTS	FMPS	30	200	-	56
	KAE	30	-	-	-
Total Estimated value		**247,800**	**24,210**	**12,525**	**6,493**

Notes:

(1) *Portions of certain contracts secured are subcontracted due to certain product expertise unique to that particular company inclusive of manpower and miscellaneous items which are used in the installation of fire fighting protection and prevention equipment and systems and in the manufacture of fire rated doors by the Related Party. In turn, in respect of the Fitters Group's expertise and project management in fire fighting, protection and prevention equipment and systems, contracts secured by the Related Party are subcontracted to the Fitters Group in their ordinary course of business. Transaction prices are determined based on market rates, which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.*

(2) *Sales of finished goods of certain fire safety and protection equipment, fire rated doors and maintenance services are to meet the needs of the customers at various geographical locations.*

In addition, centralised purchasing for raw materials and parts or components of certain fire safety and protection equipment required in their normal course of business to optimise efficiency and to derive pricing economies.

Transaction prices for sales and purchases are determined based on cost plus taking into consideration the nature, complexity and urgency required and it is not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

(3) *Consultancy services for technical expertise and design in the manufacturing of specialty floor panels.*

(4) *Royalty payment to AA (Asia) pursuant to a Royalty Agreement dated 12 January 2004 for the provision of technical knowledge for manufacturing of certain fire fighting equipment. The Royalty Agreement commenced on 31 August 2001 for 10 years and will expire on 30 August 2011.*

> additional compliance information

13. RECURRENT RELATED PARTIES TRANSACTIONS OF A REVENUE OR TRADING NATURE CONDUCTED PURSUANT TO THE SHAREHOLDERS' MANDATE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 (CONTD.)

(5) KAE is Fitters Group's trading partner. Due to economies of scale and practicality, certain variety of equipment, materials and components were being carried by each thus resulting in synergistic trade for the Fitters Group without undue burden of overstocking.

(6) The office and warehouse rented is located at Bangunan Fitters, which is registered under MPYD. A total of 4,500 square feet of warehouse space is rented out to FFT. The current rental rate per month ranges from RM0.53 per square foot for warehouse to RM1.30 per square foot for office per month, which are subject to periodic review. The tenancies are for a period of three years commencing from 31 December 2002.

PTS sublet a portion of the warehouse, an area measuring approximately 9,450 square feet to Wai Soon Engineering at a rate of RM5,000 per month.

The rental rates are determined after taking into consideration the prevailing market rate, tenure, space and support services, which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

(7) The training provided is mainly in respect of product knowledge, upgrade of technical aspects of the product and computer training. Transaction prices are generally determined based on cost plus taking into consideration the nature, complexity of the required training and it is not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

(8) The estimated transaction values are based on prevailing rates/prices obtained from the Related Party which are at reasonable market-competitive prices based on the normal level of transactions entered into by the Fitters Group. The estimated amounts are further based on the assumptions that the current levels of operations will continue and all external conditions remain constant. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above. Disclosures will be made in the 2006 Annual Report of the Company on the actual aggregate value of transactions contemplated pursuant to the Proposed Shareholders' Mandate.

(9) Aggregate value of sales/(purchases) are made up to 15 April 2007, being the latest practical date.

(10) Abbreviations used above

AA (Asia)	Australian Aerosols (Asia) Pty Ltd
ASB	Armatrade Sdn Bhd
FBS	Fitters Building Services Sdn Bhd
FDC	Fitters dotCom Sdn Bhd
FE	Fitters Engineering Services Sdn Bhd
FFT	Fitters Fire Technology Sdn Bhd
FHB	Fitters Holdings Berhad
FMKT	Fitters Marketing Sdn Bhd
FMPS	Fitters-MPS Sdn Bhd
Fsabah	Fitters (Sabah) Sdn Bhd
FSB	Fitters Sdn Bhd
FSPL	Fitters (S) Pte Ltd
KAE	Kawalan Api Engineering Sdn Bhd
MFS	Modular Floor Systems (M) Sdn Bhd
MPS	Master Pyroserve Sdn Bhd
MPYD	Master Pyrodor Sdn Bhd
Pipefab	Pipefabricators Sdn Bhd
PTS	Pyro-Tech Systems Sdn Bhd
TSS	The Safety Shop Sdn Bhd
Wai Soon	Wai Soon Engineering Sdn Bhd

The above recurrent related party transactions of a revenue or trading in nature were undertaken on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

financial statements

> directors' report

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 December 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the trading of fire safety materials, equipment and fire prevention system. The principal activities of the subsidiaries are detailed in Note 17 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the year	12,201,844	17,421,098
Attributable to:		
Equity holders of the Company	12,032,470	17,421,098
Minority interests	169,374	-
	12,201,844	17,421,098

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 disposal of a parcel of freehold land and building, as disclosed in Note 36 (v) to the financial statements, which resulted in a gain of RM3,160,575 to the Group.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2005 were as follows:

In respect of the financial year ended 31 December 2005 as reported in the directors' report of that year.

	RM
2nd interim dividend of 6% less 28% taxation, on 41,451,728 ordinary shares, declared on 10 February 2006 and paid on 16 March 2006	1,790,715

The directors do not recommend any payment of final dividend in respect of the current financial year.

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:

En Mohammad Nizar bin Idris	*Chairman*
YBhg Dato' Wong Swee Yee	*Managing Director*
YBhg Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	*Non-Independent and Non-Executive Director*
Mr Wong Cheek Lung	*Non-Independent and Non-Executive Director*
En Mohamad Jamil bin Mohd Yusof	*Independent Non-Executive Director*
Mr Kong Sin Seng	*Independent Non-Executive Director*
En Zahedi bin Haji Mohd Zain (alternate director to Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali)	
Mr Wong Swee Seong (alternate director to Wong Cheek Lung)	

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 9 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 the director is a member or with a company in which the director has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of				
	<––––– RM1 each –––––>		<––––––––––– RM0.50 each –––––––––––>		
Company	**1 January 2006**	**Bonus Issue**	**Share Split**	**Bought**	**31 December 2006**
Direct interest					
Dato' Wong Swee Yee	15,990,552	7,995,276	47,971,656	473,700	48,445,356
Wong Swee Seong	895,668	447,834	2,687,004	-	2,687,004
Wong Cheek Lung	1,668	834	5,004	-	5,004
Zahedi bin Haji Mohd Zain	956	478	2,868	-	2,868
Indirect interest					
Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	37,500	18,750	112,500	-	112,500
Zahedi bin Haji Mohd Zain	37,500	18,750	112,500	-	112,500

> directors' report

DIRECTORS' INTERESTS (CONTD.)

Dato' Wong Swee Yee by virtue of his interest in shares in the Company is also deemed interested in shares in 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 in the Company or its related corporations during the financial year.

SHARE CAPITAL

As approved by shareholders at the Extraordinary General Meeting held on 29 June 2006, the issued and paid up share capital of the Company was increased from RM41,451,728 to RM62,177,592 during the financial year by way of a bonus issue of 20,725,864 shares of RM1 each through capitalisation of RM3,206,022 from share premium reserve and RM17,519,842 from retained earnings on the basis of one (1) new share for every two (2) shares held. The new shares rank pari passu with the then existing shares.

Subsequent to the bonus issue, the Company sub-divided every one (1) share of RM1 each into two (2) shares of RM0.50 each. On completion of the bonus issue and share split, the issued and paid up share capital of the Company comprise 124,355,184 shares of RM0.50 each.

EMPLOYEE SHARE OPTIONS SCHEME

The Company's Employee Share Options Scheme ("ESOS") for eligible full time employees and executive directors of the Company and its subsidiaries was approved by shareholders at an Extraordinary General Meeting held on 27 November 2000 and the Securities Commission approved the Company's ESOS allocation list on 4 May 2001 which came into effect on 9 May 2001.

The ESOS was further extended for a period of five years up to 8 May 2011 and approved at the Annual General Meeting held on 27 June 2005.

The ESOS has yet to be implemented.

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:

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

    (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have 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:

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

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

OTHER STATUTORY INFORMATION (CONTD.)

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

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

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

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

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

(f) In the opinion of the directors:

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

    (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made except as disclosed in Note 37(iii) to the financial statements.

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 37 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 2 April 2007.

YBHG DATO' WONG SWEE YEE

ZAHEDI BIN HAJI MOHD ZAIN

Kuala Lumpur, Malaysia

> statement by directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **DATO' WONG SWEE YEE** and **ZAHEDI BIN HAJI MOHD ZAIN**, being two of the directors of **FITTERS HOLDINGS BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 46 to 104 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 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 2 April 2007.

YBHG DATO' WONG SWEE YEE

ZAHEDI BIN HAJI MOHD ZAIN

Kuala Lumpur, Malaysia

> statutory declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **CHONG WEI WEI**, being the person primarily responsible for the financial management of **FITTERS HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 46 to 104 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 **CHONG WEI WEI** at)
Kuala Lumpur in the Federal) **CHONG WEI WEI**
Territory on 2 April 2007.)

Before me,

PESURUHJAYA SUMPAH
No. W 315
Nama: SOH AH KAU
MALAYSIA

SOH AH KAU, AMN
PESURUHJAYA SUMPAH
26, Jalan Beremi
50200 Kuala Lumpur W. P

> report of the auditors

to the members of Fitters Holdings Berhad (Incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 46 to 104. 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 have 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 MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:

   (i) the financial position of the Group and of the Company as at 31 December 2006 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 17 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 material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young

Ernst & Young
AF: 0039
Chartered Accountants

Low Khung Leong
No. 2697/01/09 (J)
Partner

Kuala Lumpur, Malaysia
2 April 2007

> income statements

for the year ended 31 december 2006

		Group		Company	
		2006	2005	2006	2005
	Note	RM	RM	RM	RM
Revenue	3	128,421,059	143,331,513	22,562,500	3,066,000
Cost of sales	4	(98,640,498)	(113,857,790)	-	-
Gross profit		29,780,561	29,473,723	22,562,500	3,066,000
Other operating income	5	4,739,680	782,317	2,023,018	1,534,291
Selling and marketing expenses		(2,383,662)	(2,222,219)	(60,773)	(68,061)
Administrative expenses		(15,654,817)	(14,644,786)	(2,240,995)	(1,949,883)
Operating profit		16,481,762	13,389,035	22,283,750	2,582,347
Finance costs	6	(400,370)	(841,814)	-	(234,378)
Profit before tax	7	16,081,392	12,547,221	22,283,750	2,347,969
Income tax expense	10	(3,879,548)	(3,266,374)	(4,862,652)	(309,310)
Profit for the year		12,201,844	9,280,847	17,421,098	2,038,659
Attributable to:					
Equity holders of the Company		12,032,470	9,180,315	17,421,098	2,038,659
Minority interests		169,374	100,532	-	-
		12,201,844	9,280,847	17,421,098	2,038,659
Basic earnings per share attributable to equity holders of the Company (sen)	11	9.68	7.38		

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

> balance sheet

as at 31 december 2006

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	7,996,309	14,983,460	2,678,912	2,782,013
Investment properties	14	1,429,913	1,460,896	-	-
Land held for property development	15 (a)	-	2,129,038	-	-
Goodwill on consolidation	16	14,992,444	14,995,741	-	-
Investments in subsidiaries	17	-	-	30,822,864	30,943,482
Other investments	18	3,885,500	4,071,503	2,500,000	2,500,000
Deferred tax asset	29	3,992	-	-	-
		28,308,158	37,640,638	36,001,776	36,225,495
Current assets					
Inventories	19	9,204,818	10,873,328	-	-
Trade and other receivables	20	93,812,086	81,572,462	54,439,071	37,600,519
Tax recoverable		458,603	1,315,149	-	174,374
Marketable securities	22	163,638	-	-	-
Cash and cash equivalents	23	11,103,048	9,507,384	4,082,843	110,395
		114,742,193	103,268,323	58,521,914	37,885,288
Asset held for disposal	15 (b)	2,061,297	-	-	-
		116,803,490	103,268,323	58,521,914	37,885,288
TOTAL ASSETS		145,111,648	140,908,961	94,523,690	74,110,783
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	24	62,177,592	41,451,728	62,177,592	41,451,728
Share premium	24	-	3,206,022	-	3,206,022
Other reserves	25	1,942,659	2,075,097	533,179	533,179
Retained earnings	26	18,599,911	25,757,719	385,695	2,275,154
		82,720,162	72,490,566	63,096,466	47,466,083
Minority interests		1,678,235	1,657,789	-	-
Total equity		84,398,397	74,148,355	63,096,466	47,466,083
Non-current liabilities					
Borrowings	27	25,474,272	25,759,783	25,000,000	25,000,000
Deferred tax liabilities	29	414,424	552,238	120,564	120,564
		25,888,696	26,312,021	25,120,564	25,120,564
Current liabilities					
Borrowings	27	6,343,274	11,452,393	-	-
Trade and other payables	30	27,266,613	27,176,509	6,190,784	1,524,136
Current tax payable		1,214,668	1,819,683	115,876	-
		34,824,555	40,448,585	6,306,660	1,524,136
Total liabilities		60,713,251	66,760,606	31,427,224	26,644,700
TOTAL EQUITY AND LIABILITIES		145,111,648	140,908,961	94,523,690	74,110,783

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

> statements of changes in equity

for the year ended 31 december 2006

		Attributable to Equity Holders of the Company								
		<---- Non-Distributable Reserves ---->					Distributable			
Group	Note	Share Capital RM (Note 24)	Share Premium RM (Note 24)	Capital Reserves RM (Note 25)	Asset Revaluation Reserve RM (Note 25)	Foreign Currency Translation Reserve RM (Note 25)	Retained Earnings RM (Note 26)	Total RM	Minority Interest RM	Total Equity RM
At 1 January 2005		41,451,728	3,206,022	1,360,010	653,458	111,822	18,965,024	65,748,064	1,557,254	67,305,318
Foreign currency translation		-	-	-	-	(50,193)	-	(50,193)	-	(50,193)
Net expense recognised directly in equity		41,451,728	3,206,022	1,360,010	653,458	61,629	18,965,024	65,697,871	1,557,254	67,255,125
Profit for the year		-	-	-	-	-	9,180,315	9,180,315	100,535	9,280,850
Total recognised income and expense for the year		41,451,728	3,206,022	1,360,010	653,458	61,629	28,145,339	74,878,186	1,657,789	76,535,975
Dividends	12	-	-	-	-	-	(2,387,620)	(2,387,620)	-	(2,387,620)
At 31 December 2005		41,451,728	3,206,022	1,360,010	653,458	61,629	25,757,719	72,490,566	1,657,789	74,148,355
At 1 January 2006		41,451,728	3,206,022	1,360,010	653,458	61,629	25,757,719	72,490,566	1,657,789	74,148,355
Revaluation surplus realised upon sale of property		-	-	-	(120,279)	-	120,279	-	-	-
Foreign currency translation		-	-	-	-	(12,159)	-	(12,159)	-	(12,159)
Net income/(expense) recognised directly in equity		41,451,728	3,206,022	1,360,010	533,179	49,470	25,877,998	72,478,407	1,657,789	74,136,196
Profit for the year		-	-	-	-	-	12,032,470	12,032,470	169,374	12,201,844
Total recognised income and expense for the year		41,451,728	3,206,022	1,360,010	533,179	49,470	37,910,468	84,510,877	1,827,163	86,338,040
Dividends	12	-	-	-	-	-	(1,790,715)	(1,790,715)	-	(1,790,715)
Issue of ordinary shares:										
Bonus issue	24	20,725,864	(3,206,022)	-	-	-	(17,519,842)	-	-	-
Acquisition of subsidiary during the year		-	-	-	-	-	-	-	(17,874)	(17,874)
Reversal of liquidated subsidiary		-	-	-	-	-	-	-	(131,054)	(131,054)
At 31 December 2006		62,177,592	-	1,360,010	533,179	49,470	18,599,911	82,720,162	1,678,235	84,398,397

		<---- Non-Distributable ---->			Distributable	
Company	Note	Share Capital RM (Note 24)	Share Premium RM (Note 24)	Asset Revaluation Reserve RM (Note 25)	Retained Earnings RM (Note 26)	Total Equity RM
At 1 January 2005		41,451,728	3,206,022	533,179	2,624,115	47,815,044
Profit for the year, representing total income and expense for the year		-	-	-	2,038,659	2,038,659
Dividends	12	-	-	-	(2,387,620)	(2,387,620)
At 31 December 2005		41,451,728	3,206,022	533,179	2,275,154	47,466,083
At 1 January 2006		41,451,728	3,206,022	533,179	2,275,154	47,466,083
Profit for the year, representing total income and expense for the year		-	-	-	17,421,098	17,421,098
Dividends paid		-	-	-	(1,790,715)	(1,790,715)
Issue of ordinary shares:						
Bonus Issue	24	20,725,864	(3,206,022)	-	(17,519,842)	-
At 31 December 2006		62,177,592	-	533,179	385,695	63,096,466

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

> cash flows statements

for the year ended 31 december 2006

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash Flows From Operating Activities				
Profit before tax	16,081,392	12,547,221	22,283,750	2,347,969
Adjustment for:				
Interest income	(124,330)	(173,421)	(51,568)	(31,891)
Dividend income	-	-	(22,562,500)	(3,066,000)
Finance costs	400,370	841,814	-	234,378
Depreciation of investment property	30,983	58,914	-	-
Depreciation of property, plant and equipment	1,066,104	1,151,796	120,989	124,812
Property, plant and equipment written off	2,081	17,080	2,079	-
Gain on disposal of property, plant and equipment	(3,211,850)	(21,637)	-	-
Reversal of impairment in value of investment	(32,135)	-	-	-
Impairment in value of investments	54,500	95,420	112,406	226,414
Property development expenditure written-off	67,741	-	-	-
Impairment of property, plant and equipment	741,743	-	-	-
Inventories written-off	113,963	-	-	-
Provision for doubtful debts	1,242,949	218,708	469,384	-
Bad debts written off	58,030	58,110	-	-
Write back of provision for doubtful debts	-	(528,369)	-	-
Impairment of goodwill	21,952	-	-	-
Deposits written off	5,910	-	-	-
Net unrealised foreign exchange losses	-	99,535	-	-
Operating profit before working capital changes carried forward	16,519,403	14,365,171	374,540	(164,318)

> cash flows statements

for the year ended 31 december 2006 (contd.)

		Group		Company	
	Note	2006 RM	2005 RM	2006 RM	2005 RM
Operating profit before working capital changes carried forward		16,519,403	14,365,171	374,540	(164,318)
Changes in working capital:					
Inventories		1,554,547	787,503	-	-
Due from/(to) customers on contracts		4,411,028	(1,621,449)	-	-
Receivables		(13,823,815)	(2,845,696)	(89,305)	2,305,368
Payables		(4,211,154)	4,448,679	(324,921)	(749,450)
Subsidiaries		-	-	10,327,504	682,473
Cash generated from operations		4,450,009	15,134,208	10,287,818	2,074,073
Interest paid		(400,370)	(2,039,212)	-	(234,378)
Taxes paid		(3,769,823)	(1,338,855)	(4,572,402)	719,320
Net cash generated from operating activities		279,816	11,756,141	5,715,416	2,559,015
Cash Flows From Investing Activities					
Purchase of property, plant and equipment		(1,121,300)	(626,227)	(12,033)	(21,645)
Proceeds from disposal of property, plant and equipment		9,510,600	26,000	-	-
Purchase of land and related development expenditure		-	(784)	-	-
Interest received		124,330	173,421	51,568	31,891
Acquisition of subsidiary	17	(51)	-	-	-
Capital repayment from subsidiary		-	-	8,212	54,000
Net cash generated from/(used in) investing activities		8,513,579	(427,590)	47,747	64,246

cash flows statements
for the year ended 31 december 2006 (contd.)

		Group		Company	
	Note	2006 RM	2005 RM	2006 RM	2005 RM
Cash Flows From Financing Activities					
Repayment of term loans		(25,095)	(348,911)	-	-
Repayment of hire purchase obligations and lease financing		(409,715)	(363,402)	-	-
Revolving credits, trust receipts and bankers' acceptances		(3,131,028)	688,567	-	-
Dividends paid	12	(1,790,715)	(2,387,620)	(1,790,715)	(2,387,620)
Net cash used in financing activities		(5,356,553)	(2,411,366)	(1,790,715)	(2,387,620)
Net increase in cash and cash equivalents		3,436,842	8,917,185	3,972,448	235,641
Effects of foreign exchange rate changes		(12,386)	(49,824)	-	-
Cash and cash equivalents at beginning of year		7,604,562	(1,262,799)	110,395	(125,246)
Cash and cash equivalents at end of year	23	11,029,018	7,604,562	4,082,843	110,395

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

> notes to the financial statements
- 31 december 2006

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and the principal place of business of the Company is located at:

No 1, Block C
Jalan Dataran SD 1
Dataran SD, PJU 9
Bandar Sri Damansara
52200 Kuala Lumpur

The principal activities of the Company are that of investment holding and the trading of fire safety materials, equipment and fire prevention system. The principal activities of the subsidiaries are detailed in Note 17. There have been no significant changes in the nature of these 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 2 April 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRS") which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for freehold land included within property, plant and equipment.

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 has 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(a) Subsidiaries and Basis of Consolidation (Contd.)

(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.

(b) Intangible Assets

(i) Goodwill

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.

> notes to the financial statements

- 31 december 2006 (contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(c) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost.

Certain land and buildings were subsequently revalued and stated at their revalued amounts. However, these properties have not been revalued since as the Group availed itself to the transitional provisions of IAS 16 (Revised): Property, plant and equipment, by virtue of which these properties continue to be stated at their revalued amount less accumulated depreciation and impairment.

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.

Freehold land has an unlimited useful life and therefore is 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%
Plant and machinery	20%
Motor vehicles	20%
Tools and office equipment	10% - 33.33%
Furniture and fittings	10%
Renovations	10%

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

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

(d) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(e) 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 development properties 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.

(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, other than investment property, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, 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.

For goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(g) Impairment of Non-Financial Assets (Contd.)

An asset's recoverable amount is the higher of an asset's or CGU'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. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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 lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate production overheads.

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, 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 charged directly to 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(i) Financial Instruments (Contd.)

(i) Cash and Cash Equivalents

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

(ii) Other Non-Current Investments

Non-current investments other than investments in subsidiaries 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 profit or loss.

(iii) Marketable Securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in profit or loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iv) Trade Receivables

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

(v) Trade Payables

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

(vi) Interest Bearing Loans and 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.

(vii) 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.

> notes to the financial statements
- 31 december 2006 (contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(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, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2(d)).

(ii) Finance leases - the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

(iii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(j) Leases (Contd.)

(iv) Operating Leases - the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2(p)(iv)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(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 not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(m) Provision 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 of the Group. 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, and 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”).

(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 retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated 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 retranslated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(o) Foreign Currencies (Contd.)

(ii) Foreign Currency Transactions (Contd.)

Exchange differences arising on the settlement of monetary items, and on the retranslation 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.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the retranslation 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.

(p) Revenue Recognition

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

(i) Contract revenue

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

(ii) Sale of Goods

Revenue is recognised net of sales taxes and upon 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.

(iii) Revenue from Services

Revenue from services rendered (including administrative services) is recognised net of discounts as and when services are performed.

> notes to the financial statements
- 31 december 2006 (contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(p) Revenue Recognition (Contd.)

(iv) Rental Income

Rental income is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(vi) Dividend income

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

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

On 1 January 2006, the Group and the Company adopted the following new and revised FRSs mandatory for financial periods beginning on or after 1 January 2006:

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (Contd.)

The adoption of revised FRS 2, 102, 108, 110, 127, 128, 131, 132, 133, 138 and 140 does not result in significant changes in accounting policies of the Group. The principal changes in accounting policies and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

(a) FRS 101 : Presentation of Financial Statements

Prior to 1 January 2006, minority interests at the balance sheet date were presented on the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

These changes in presentation have been applied retrospectively and as disclosed in Note 2.3(c), certain comparatives have been restated. The effects on the consolidated balance sheet as at 31 December 2006 are set out in Note 2.3(c)(i). These changes in presentation has no impact on the Company's financial statements or the Group's results.

(b) FRS 5 : Non-current Assets Held for Sale and Discontinued Operations

Prior to 1 January 2006, non-current assets (or disposal groups) held for sale were neither classified nor presented as current assets or liabilities. There were no differences in the measurement of non-current assets (or disposal groups) held for sale and those for continuing use. Upon the adoption of FRS5, non-current assets (or disposal groups) held for sale are classified as current assets and are stated at the lower of carrying amount and fair value less costs to sell.

The Group has applied FRS 5 prospectively in accordance with the transitional provisions. The effects on the consolidated balance sheet as at 31 December 2006 are set out in Note 2.3(c)(i). These changes in presentation has no impact on the Company's financial statements or the Group's results.

(c) Summary of effects and changes arising from adoption of new and revised FRSs

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 December 2006 is higher or lower than it would have been had the previous policies been applied in the current year:

(i) Effects on balance sheets as at 31 December 2006

	<------- Increase/(Decrease) -------->		
Description of change	**FRS 101 Note 2.3(a)**	**FRS 5 Note 2.3(b)**	**Total**
Group	**RM**	**RM**	**RM**
Land held for development	-	(2,061,297)	-
Asset held for disposal	-	2,061,297	-
Total equity - inclusive of minority interest	1,678,235	-	1,678,235

> notes to the financial statements
- 31 december 2006 (contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (Contd.)

(ii) Restatement of comparatives

The following comparative amounts have been restated arising from the effects of adopting the new and revised FRSs:

Description of change	Previously stated RM	FRS 101 Note 2.3(a) RM	Restated RM
At 31 December 2005			
Group			
Total equity - inclusive of minority interest	72,490,566	1,657,789	74,148,355

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 and the Company:

FRS, Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
FRS 117: Leases	1 October 2006
FRS 124: Related Party Disclosures	1 October 2006
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
Amendment to FRS 119_{2004}:Employee Benefits-Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
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 FRS129_{2004} - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Standards and Interpretations Issued but Not Yet Effective (Contd.)

The above FRS, amendments to FRS and Interpretations, except for FRS 117 - Leases, FRS 124 - Related Party Disclosures and FRS 139 - Financial Instruments: Recognition and Measurement, are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 117, FRS 124 and FRS 139.

2.5 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made in Applying Accounting Policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Key Sources of Estimation Uncertainty

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

(i) Impairment of goodwill

The Group determines whether goodwill are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill and brands as at 31 December 2006 were RM14,992,444 (2005: RM14,995,741). Further details are disclosed in Note 16(b).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant Accounting Estimates and Judgements (Contd.)

(b) Key Sources of Estimation Uncertainty (Contd.)

(ii) Provision for doubtful debts

The Group reviews the adequacy of provision for doubtful debt required on all outstanding receivables as at the balance sheet date. In assessing the extent of irrecoverable debts, the management have given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. The carrying amount in trade receivables of the Group which have been outstanding in excess of 12 months amounts to RM2,415,325 (2005: RM5,138,002). Further details are disclosed in Note 20.

(iii) Provision for slow moving inventories

The Group reviews the adequacy of provision for slow moving inventories as at the balance sheet date to ensure that inventories are stated at lower of cost and net realisable value. In assessing the extent of provision for slow moving inventories, the management having considered all available information, are of the opinion that these goods can be realised in the ordinary course of business. The carrying amount of inventories of the Group which are slow moving amounts to RM1,672,597 (2005: RM2,634,660). Further details are disclosed in Note 19.

3. REVENUE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Sale of goods	61,749,137	52,253,975	-	-
Rendering of services	8,732,371	7,944,141	-	-
Contract revenue	57,939,551	83,133,397	-	-
Dividend income from subsidiaries	-	-	22,562,500	3,066,000
	128,421,059	143,331,513	22,562,500	3,066,000

4. COST OF SALES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cost of inventories sold	53,762,063	43,694,170	-	-
Contract costs	44,878,435	70,163,620	-	-
	98,640,498	113,857,790	-	-

5. OTHER OPERATING INCOME

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Interest income	124,330	173,421	51,568	31,891
Bad debts recovered	158,871	6,700	-	-
Rental receivable from operating leases, other than those relating to investment properties	540,800	564,000	504,000	504,000
Administrative charges received	-	-	1,440,000	998,400
Realised foreign exchange	505,298	-	-	-
Gain on disposal of property, plant and equipment	3,211,850	-	-	-
Insurance claim	120,369	-	-	-
Miscellaneous	78,162	38,196	27,450	-
	4,739,680	782,317	2,023,018	1,534,291

6. FINANCE COSTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Interest expense on:				
Bankers' acceptances	175,438	166,406	-	-
Hire purchase and finance leases	47,844	72,012	-	-
Bank overdrafts	102,764	89,789	-	672
Revolving credits	54,970	44,912	-	-
Term loans	13,203	454,598	-	233,706
Trust receipts	6,151	14,097	-	-
	400,370	841,814	-	234,378

7. PROFIT BEFORE TAXATION

The following amounts have been included at arriving at profit before taxation:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Auditors' remuneration:				
- statutory	140,879	119,919	24,000	24,000
- other services	35,000	-	35,000	-
Rent of buildings	525,044	131,593	-	-
Directors' remuneration (Note 9)	1,453,527	1,431,982	484,500	515,200

> notes to the financial statements
- 31 december 2006 (contd.)

7. PROFIT BEFORE TAXATION (CONTD.)

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Employee benefits expenses				
(excluding directors' remuneration)(Note 8)	7,789,890	7,816,663	673,701	868,361
Depreciation of investment property	30,983	58,914	-	-
Property, plant and equipment				
- gain on disposal	(3,211,850)	(21,637)	-	-
- depreciation	1,066,104	1,151,796	120,989	124,812
- written off	2,081	17,080	2,079	-
- impairment	741,743	-	-	-
Impairment of goodwill	21,952	-	-	-
Provision for doubtful debts	1,242,949	218,708	469,384	-
Reversal of provision fo doubtful debts	-	(528,369)	-	-
Bad debts written off	58,030	58,110	-	-
Net foreign exchange (gain)/losses:				
- Realised	(503,866)	(25,182)	-	-
- Unrealised	-	99,535	-	-
Deposits written off	5,910	-	-	-
Inventories written off	113,963	-	-	-
Property development expenditure written off	67,741	-	-	-
Reversal of impairment in value of investment	(32,135)	-	-	-
Impairment in value of investments	54,500	95,420	112,406	226,414

8. EMPLOYEE BENEFITS EXPENSES

Wages and salaries	6,578,732	6,543,588	554,763	595,133
Social security contributions	73,938	71,930	7,203	6,331
Contributions to defined contribution plan	726,133	767,695	60,456	66,001
Other benefits	411,087	433,450	51,279	200,896
	7,789,890	7,816,663	673,701	868,361

9. DIRECTORS' REMUNERATION

Executive directors' remuneration:				
Fees	83,203	102,348	-	-
Other emoluments	1,097,824	1,051,634	252,000	237,200
	1,181,027	1,153,982	252,000	237,200
Non-executive directors' remuneration:				
Other emoluments	272,500	278,000	232,500	278,000
	272,500	278,000	232,500	278,000

9. DIRECTORS' REMUNERATION (CONTD.)

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Total directors' remuneration (Note 7):	1,453,527	1,431,982	484,500	515,200
Estimated money value of benefit-in-kind	7,600	7,600	7,600	7,600
Total directors' remuneration including benefit-in-kind	1,461,127	1,439,582	492,100	522,800

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

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Executive:				
Salaries and other emolument	627,000	549,200	207,000	207,200
Bonus	45,000	80,000	45,000	30,000
Estimated money value of benefit-in-kind	7,600	7,600	7,600	7,600
	679,600	636,800	259,600	244,800
Non-Executive:				
Salaries and other emolument	272,500	278,000	232,500	278,000
	952,100	914,800	492,100	522,800

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

	Number of Directors	
	2006	2005
Executive directors:		
RM600,001 - RM650,000	-	1
RM650,001 - RM700,000	1	-
Non-Executive directors:		
RM0 - RM50,000	3	3
RM50,001 - RM100,000	3	3

> notes to the financial statements
- 31 december 2006 (contd.)

10. INCOME TAX EXPENSE

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Malaysian income tax:				
Current income tax	3,714,730	3,396,243	4,737,136	861,000
Under/(over)provision in prior years	145,624	(117,299)	125,516	(472,690)
	3,860,354	3,278,944	4,862,652	388,310
Deferred tax (Note 29):				
Relating to origination				
and reversal of temporary differences	(141,806)	74,614	-	-
Overprovision in prior years	-	(87,184)	-	(79,000)
	(141,806)	(12,570)	-	(79,000)
Real property gains tax	161,000	-	-	-
Total income tax expense	3,879,548	3,266,374	4,862,652	309,310

Domestic current income tax is calculated at the statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 27% from the current year's rate of 28%, effective year of assessment 2007 and to 26% effective year of assessment 2008. The computation of deferred tax as at 31 December 2006 has reflected these changes.

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

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

	2006	2005
	RM	RM
Group		
Profit before taxation	16,081,392	12,547,221
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	4,502,790	3,513,222
Effect of income subject to tax rate of 20%	(385,619)	-
Income not subject to tax	(1,298,765)	(360,280)
Expenses not deductible for tax purposes	761,659	352,279
Utilisation of previously unrecognised tax losses and		
unabsorbed capital allowances	(19,856)	(117,762)
Deferred tax assets not recognised during the year	12,715	83,398
Under/(over)provision of tax expense in prior years	145,624	(117,299)
Overprovision of deferred tax in prior years	-	(87,184)
Real property gains tax	161,000	-
Income tax expense for the year	3,879,548	3,266,374

10. INCOME TAX EXPENSE (CONTD)

	2006 RM	2005 RM
Company		
Profit before taxation	22,283,750	2,347,969
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	6,239,450	657,431
Deferred tax not recognised during the year	-	3,174
Income not subject to tax	(1,745,100)	-
Expenses not deductible for tax purposes	242,786	200,395
Under/(over)provision of tax expense in prior years	125,516	(472,690)
Overprovision of deferred tax in prior years	-	(79,000)
Income tax expense for the year	4,862,652	309,310

Tax savings during the financial year arising from:

	Group	
	2006 RM	2005 RM
Utilisation of previously unrecognised tax losses	19,856	117,762

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share 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 held by the Company.

	Group	
	2006 RM	2005 RM
Profit from continuing operations attributable to ordinary equity holders of the Company	12,032,470	9,180,315
	No.	No.
Weighted average number of ordinary shares in issue	124,355,184	124,355,184

> notes to the financial statements

- 31 december 2006 (contd.)

11. EARNINGS PER SHARE (CONTD.)

(a) Basic (Contd.)

	Group	
	2006 sen	2005 sen
Basic earnings per share	9.68	7.38

There is no dilutive potential ordinary share in issue as at balance sheet date. The weighted average number of ordinary shares in issue for 2005 has been restated to account for the bonus issue and share split during the year.

12. DIVIDENDS

	Dividends in respect of Year		Dividends Recognised in Year	
	2005 RM	2004 RM	2006 RM	2005 RM
Recognised during the year:				
Final dividend for 2004: 4% less 28% taxation, on 41,451,728 ordinary shares 2.88 sen per ordinary share)	-	1,193,810	-	1,193,810
1st interim dividend for 2005: 4% less 28% taxation, on 41,451,728 ordinary shares (2.88 sen per ordinary share)	1,193,810	-	-	1,193,810
2nd interim dividend for 2005: 6% less 28% taxation, on 41,451,728 ordinary shares (4.32 sen per ordinary share)	1,790,715	-	1,790,715	-
	2,984,525	1,193,810	1,790,715	2,387,620

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and buildings RM	Plant and machinery RM	Motor vehicles RM	Tools and office equipment RM	Furniture and fittings RM	Renovations RM	Capital work in progress RM	Total RM
Cost or valuation								
At 1 January 2005	11,904,400	3,721,015	1,553,155	4,584,407	1,386,668	288,718	2,173,253	25,611,616
Additions	-	175,650	654,683	128,199	495	-	238,200	1,197,227
Disposals	-	-	(96,978)	(26,160)	-	-	-	(123,138)
Written off	-	-	-	-	-	(170,809)	-	(170,809)
Exchange differences	-	-	-	(1,645)	(657)	-	-	(2,302)
At 31 December 2005	11,904,400	3,896,665	2,110,860	4,684,801	1,386,506	117,909	2,411,453	26,512,594
Additions	-	357,370	3,656	159,028	3,900	479,596	117,750	1,121,300
Disposals	(7,368,640)	-	(35,428)	-	(197,919)	-	-	(7,601,987)
Written off	-	-	-	(36,100)	-	-	-	(36,100)
Exchange differences	-	-	-	1,158	445	-	-	1,603
At 31 December 2006	4,535,760	4,254,035	2,079,088	4,808,887	1,192,932	597,505	2,529,203	19,997,410
Accumulated Depreciation and impairment								
At 1 January 2005	1,708,523	2,523,218	1,011,303	4,044,345	1,148,467	215,919	-	10,651,775
Depreciation charge for the year (Note 7)	194,783	331,760	300,888	188,852	87,276	48,237	-	1,151,796
Disposals	-	-	(96,975)	(21,800)	-	-	-	(118,775)
Written off	-	-	-	-	-	(153,729)	-	(153,729)
Exchange differences	-	-	-	(1,290)	(643)	-	-	(1,933)
At 31 December 2005	1,903,306	2,854,978	1,215,216	4,210,107	1,235,100	110,427	-	11,529,134
Depreciation charge for the year (Note 7)	74,681	355,923	294,378	179,569	58,710	102,843	-	1,066,104
Disposals	(1,091,943)	-	(35,382)	-	(175,912)	-	-	(1,303,237)
Written off	-	-	-	(34,019)	-	-	-	(34,019)
Exchange difference	-	-	-	938	438	-	-	1,376
Impairment loss recognised in profit or loss (Note 7)	-	-	-	-	-	-	741,743	741,743
At 31 December 2006	886,044	3,210,901	1,474,212	4,356,595	1,118,336	213,270	741,743	12,001,101
Net carrying amount								
At 31 December 2006	3,649,716	1,043,134	604,876	452,292	74,596	384,235	1,787,460	7,996,309
At 31 December 2005	10,001,094	1,041,687	895,644	474,694	151,406	7,482	2,411,453	14,983,460

> notes to the financial statements

- 31 december 2006 (contd.)

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Land and buildings* RM	Plant and machinery RM	Motor vehicles RM	Tools and office equipment RM	Furniture and Fittings RM	Total RM
Company						
Cost or valuation						
At 1 January 2005	3,197,741	101,949	4,174	827,481	350,729	4,482,074
Additions	-	-	-	21,645	-	21,645
At 31 December 2005	3,197,741	101,949	4,174	849,126	350,729	4,503,719
Additions	-	-	-	12,033	-	12,033
Written off	-	-	-	(35,640)	-	(35,640)
Transfer from subsidiary	-	-	-	7,934	-	7,934
At 31 December 2006	3,197,741	101,949	4,174	833,453	350,729	4,488,046
Accumulated Depreciation						
At 1 January 2005	514,621	101,945	3,965	704,456	271,907	1,596,894
Depreciation charge for the year (Note 7)	48,598	-	208	46,740	29,266	124,812
At 31 December 2005	563,219	101,945	4,173	751,196	301,173	1,721,706
Depreciation charge for the year (Note 7)	48,598	-	-	44,565	27,826	120,989
Written off	-	-	-	(33,561)	-	(33,561)
At 31 December 2006	611,817	101,945	4,173	762,200	328,999	1,809,134
Net carrying amount						
At 31 December 2006	2,585,924	4	1	71,253	21,730	2,678,912
At 31 December 2005	2,634,522	4	1	97,930	49,556	2,782,013

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Except for certain land and buildings which are carried at valuation, all other assets of the Group are carried at cost. Analyses of cost and valuation for land and buildings are as follows:

	Leasehold land and building RM	Freehold land RM	Buildings RM	Total RM
Group				
31 December 2006				
- At cost	820,587	2,969	517,432	1,340,988
- At valuation	-	764,875	2,429,897	3,194,772
	820,587	767,844	2,947,329	4,535,760
Net carrying amount	656,469	767,844	2,225,403	3,649,716
31 December 2005				
- At cost	820,587	2,969	6,454,729	7,278,285
- At valuation	-	2,196,218	2,429,897	4,626,115
	820,587	2,199,187	8,884,626	11,904,400
Net carrying amount	672,881	2,199,187	7,129,026	10,001,094

Impairment loss

The impairment loss of RM741,743 is in respect of a plant belonging to a subsidiary and represents a write-down to recoverable value which was determined based on estimated realisable value of the said plant.

Revaluation of land and buildings

Certain land and buildings of the Group and the Company have not been revalued since they were first revalued in 1994. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of IAS 16 (Revised): Property, plant and equipment, these assets continue to be stated at their 1994 valuation less accumulated depreciation and impairment losses.

Plants and equipments under finance leases

In the previous financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM1,197,227 of which RM571,000 were acquired by means of hire purchase and finance lease arrangements. All acquisitions during the year were made by way of cash payment. Net carrying amounts of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group	
	2006 RM	2005 RM
Plant, machinery and tools	25,662	185,237
Motor vehicles	586,069	863,023
	611,731	1,048,260

> notes to the financial statements
- 31 december 2006 (contd.)

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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

As at balance sheet date, titles to certain land and building with net book value of RM598,265 (2005: RM601,277) have yet to be registered in the subsidiaries' name.

14. INVESTMENT PROPERTIES

	Group	
	2006 RM	2005 RM
Cost		
At 1 January	1,549,150	1,396,550
Additions	-	152,600
At 31 December	1,549,150	1,549,150
Accumulated Depreciation		
At 1 January	(88,254)	(29,340)
Depreciation for the year	(30,983)	(58,914)
At 31 December	(119,237)	(88,254)
Net carrying amount	1,429,913	1,460,896
Estimated fair value of investment property	1,356,270	1,464,772

Investment properties with an aggregate carrying value of RM325,757 (2005: RM332,688) are pledged as securities for borrowings (Note 27).

As at balance sheet date, titles to investment properties with carrying amount of RM1,429,913 (2005: RM1,460,896) have yet to be registered in the subsidiaries' name.

15. LAND HELD FOR PROPERTY DEVELOPMENT/ASSET HELD FOR DISPOSAL

	Leasehold land RM	Development expenditure RM	Total RM
(a) <u>Land held for property development</u>			
Group			
At cost:			
At 1 January 2005	1,873,907	129,649	2,003,556
Additions	-	125,482	125,482
At 31 December 2005	1,873,907	255,131	2,129,038
Written off	-	(67,741)	(67,741)
Reclassified to asset held for sale	(1,873,907)	(187,390)	(2,061,297)
At 31 December 2006	-	-	-

15. LAND HELD FOR PROPERTY DEVELOPMENT/ASSET HELD FOR DISPOSAL

(b) Asset held for disposal

	Group	
	2006	**2005**
	RM	**RM**
Leasehold land	1,873,907	-
Development expenditure	187,390	-
	2,061,297	-

On 5 December 2005, a subsidiary, Fitters Property Development Sdn Bhd ("Vendor") entered into a sale and purchase agreement ("SPA") for the disposal of a piece of land held under HS(D) 3108, PT10573, Mukim Bukit Payung, District of Marang, State of Terengganu measuring approximately 75,837 square metres for a total consideration of RM2,061,297 and which be paid in the following manner:

(i) upon execution of the SPA, a deposit of RM412,259; and

(ii) a further sum of RM1,649,038 shall be paid within 24 months from the date of the SPA together with interest at the rate of 8% per annum on the amount of the balance of the purchase price or such part thereof remaining outstanding commencing from the date of this SPA until the date of full payment of the balance purchase consideration.

Completion of the SPA is subject to the full payment of the balance purchase price by the purchaser and other conditions precedent.

16. GOODWILL ON CONSOLIDATION

	Group
	Goodwill
	RM
At 1 January 2005/1 January 2006	14,995,741
Impairment loss	(21,952)
Acquisition of subsidiary	18,655
At 31 December 2006	14,992,444

(a) Impairment loss recognised

The management has carried out a review of the recoverable amount of its subsidiaries in the current financial year which were non-profit generating. This review led to the recognition of an impairment loss of RM21,952. The recoverable amount was based on value-in-use and was determined at the cash-generating unit (CGU) which consists of the Malaysian and Singapore-based assets.

> notes to the financial statements
- 31 december 2006 (contd.)

16. GOODWILL ON CONSOLIDATION (CONTD.)

(b) Impairment tests for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's CGUs identified according to country of operation and business segment as follows:

	Malaysia RM	Singapore RM	United Kingdom RM	Total RM
At 31 December 2006				
Trading and manufacturing	1,028,577	-	3	1,028,580
Contracting	12,974,844	-	-	12,974,844
Servicing	989,020	-	-	989,020
	14,992,441	-	3	14,992,444
At 31 December 2005				
Trading and manufacturing	1,038,577	11,952	3	1,050,532
Contracting	12,956,189	-	-	12,956,189
Servicing	989,020	-	-	989,020
	14,983,786	11,952	3	14,995,741

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the growth rates stated below. The key assumptions used for value-in-use calculations are:

	Gross Margin		Growth Rate		Discount Rate	
	2006	2005	2006	2005	2006	2005
Trading and manufacturing						
Malaysia	18.40	19.26	20.11	16.72	5.81	5.97
Singapore	-	42.12	-	199.10	-	6.25
United Kingdom	-	-	-	143.44	-	-
Contracting						
Malaysia	18.46	18.40	131.15	138.77	6.33	6.77
Servicing						
Malaysia	74.32	71.36	16.95	13.56	8.68	8.71

16. GOODWILL ON CONSOLIDATION (CONTD.)

(b) Impairment tests for goodwill (Contd.)

Key assumptions used in value-in-use calculations (Contd.)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(ii) Growth rate

The weighted average growth rates used are consistent with the long-term average growth rate for the industry.

(iii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

(iv) Raw materials price inflation

The basis used to determine the value assigned to the raw materials price inflation is the forecast price indices during the budget year for Malaysia, Singapore, Taiwan, Korea and the United States being where raw materials are sourced. Values assigned to key assumptions are consistent with external information sources.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use of the trading and manufacturing unit and the servicing unit, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

For the contracting unit, there are possible changes in key assumptions which could cause the carrying value of the unit to exceed its recoverable amount.

> notes to the financial statements
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17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2006 RM	2005 RM
Unquoted shares at cost	30,935,270	31,392,898
Less: Accumulated impairment losses	(112,406)	(449,416)
	30,822,864	30,943,482
Impairment loss recognised during the year	112,406	226,414

The impairment loss arose consequent to a review of the recoverable amount of the investment in subsidiaries as indicated in Note 16(a).

Details of the subsidiaries are as follows:

Name of Company	Group Equity Interest 2006 %	Group Equity Interest 2005 %	Principal Activities
Subsidiaries of the Company:			
Fitters Sdn Bhd	100	100	Trading and installation of fire safety materials and equipment, manufacture and assembly of fire fighting, protection and prevention systems and equipment
Master Pyrodor Sdn Bhd	100	100	Property holdings
Fitters (S) Pte Ltd *	100	100	Trading and installation of fire safety materials and equipment
Fitters Engineering Sdn Bhd	100	100	Ceased operations
Fitters Engineering Services Sdn Bhd	100	10	Design, manufacture, assemble, supply and installation of fire fighting, protection and prevention systems and equipment
Fitters Marketing Sdn Bhd	100	100	Marketing of fire resistant doors and general building materials
Securiton (M) Sdn Bhd	100	100	Ceased operations
Fitters Building Services Sdn Bhd	100	100	Design, manufacture, assemble, supply and installation of fire fighting, protection and prevention systems and equipment
Fitters Industries Sdn Bhd (formerly known as Fitters dotCom Sdn Bhd)	100	100	Ceased operations

17. INVESTMENTS IN SUBSIDIARIES(CONTD.)

Details of the subsidiaries are as follows:

Name of Company	Group Equity Interest 2006 %	Group Equity Interest 2005 %	Principal Activities
Fitters-MPS Sdn Bhd	51	51	Design, installation and maintenance of fire protection systems
Master Pyroserve Sdn Bhd	100	100	Concession to install, operate and transfer the computerised fire alarm monitoring and communication systems for Jabatan Perkhidmatan Bomba Dan Penyelamat Malaysia
Armatrade Sdn Bhd	100	100	Installing and servicing of fire fighting systems and sales of automotive parts and equipment
Subsidiaries of Fitters Sdn Bhd:			
Jagapi Sdn Bhd	70	70	Trading of fire fighting equipment and accessories
Fitters Property Development Sdn Bhd	100	100	Property development
Fitters (Ipoh) Sdn Bhd	100	100	Trading and installation of fire safety materials and equipment
Fitters (Sarawak) Sdn Bhd	100	100	Trading of fire safety materials and equipment
Cameron Fresh Farms Sdn Bhd	100	100	Currently inactive but entered into an agreement to acquire freehold land for purposes of development
The Safety Shop Sdn Bhd	100	100	Trading and marketing of safety apparatus and apparels
IT Vault Solutions Sdn Bhd	100	100	Provision of services to facilitate IT and compute set-up
Fitters Fire Technology Sdn Bhd	51	51	Manufacture and supply of fire fighting equipment and materials
Modular Floor Systems (M) Sdn Bhd	100	100	Manufacture and trading of raised access-flooring systems
Subsidiary of Fitters Building Services Sdn Bhd:			
Pyro-Tech Systems Sdn Bhd	100	100	Manufacture of fire rated doors including fire rated wooden doors with or without frames

> notes to the financial statements

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17. INVESTMENTS IN SUBSIDIARIES(CONTD.)

Details of the subsidiaries are as follows:

Name of Company	Group Equity Interest 2006 %	2005 %	Principal Activities
Subsidiaries of Fitters Engineering Services Sdn Bhd:			
Fitters Engineering and Maintenance Services Sdn Bhd	100	100	Maintenance of all types of fire protection systems
Fitters Engineering Services (Johor) Sdn Bhd	100	100	Design, supply, installation, repair and maintenance of fire protection systems
Fitters-Malnaga Sdn Bhd # (formerly known as Pacific Risk Control Sdn. Bhd.)	51	-	Inactive
Subsidiaries of Fitters -MPS Sdn Bhd:			
Pipefabricators Sdn Bhd	100	100	Mechanical engineering works contractors and fabricators
Fimatic-MPS (East Coast) Sdn Bhd	60	60	Design, installation and maintenance of fire protection systems in the East Coast of Peninsular Malaysia
Subsidiary of Modular Floor Systems (M) Sdn Bhd:			
Titan Access Floors Limited #	100	100	Ceased operations

Except for Fitters (S) Pte Ltd and Titan Access Floors Limited, which are incorporated in Republic of Singapore and United Kingdom respectively, all other subsidiaries are incorporated in Malaysia

* Audited by member firms of Ernst & Young Global
\# Audited by firms of auditors other than Ernst & Young

On 30 March 2006, the Group acquired a 51% equity interests in Fitters-Malnaga Sdn Bhd (formerly known as Pacific Risk Control Sdn Bhd), a private limited company incorporated in Malaysia which is currently inactive. The acquisition has no material impact on the financial positions and results of the Group or the Company during the financial year.

18. OTHER INVESTMENTS

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
At cost:				
Corporate memberships in golf clubs	140,000	140,000	-	-
Unquoted bonds	2,500,000	2,500,000	2,500,000	2,500,000
Unquoted preference shares	1,300,000	1,300,000	-	-
Shares quoted in Malaysia	-	533	-	-
Loan stocks quoted in Malaysia	-	285,000	-	-
	3,940,000	4,225,533	2,500,000	2,500,000
Less: Accumulated impairment losses	(54,500)	(154,030)	-	-
	3,885,500	4,071,503	2,500,000	2,500,000
Market value of quoted shares and loan stocks	-	131,446	-	-

The RM54,500 impairment loss is in respect of a write-down in value of certain corporate memberships in golf clubs to its recoverable amount which was determined based on the estimated market value of such memberships.

The Company subscribed to RM2,500,000 Subordinated Bond issued by Kerisma Berhad pursuant to a Primary Collateralised Loan Obligations Transaction in connection with the acceptance of an Unsecured Fixed Rate Term Loan facility. The salient terms of the Unsecured Fixed Rate Term Loan Facility are detailed in Note 27.

The shares and loan stocks quoted in Malaysia has been reclassified to current assets as the management has intention to dispose the shares and loans stocks when it is practicable to do so.

19. INVENTORIES

	Group	
	2006	2005
	RM	RM
At cost:		
Raw materials	4,961,246	6,931,845
Finished goods	4,243,572	3,941,483
	9,204,818	10,873,328

Inventories amounting to RM1,672,597 (2005: RM2,634,660) are slow moving. The directors, having considered all available information, are of the opinion that these goods can be realised in the ordinary course of business despite them being slow moving. Accordingly, no further provision has been made for slow moving inventories.

> notes to the financial statements
- 31 december 2006 (contd.)

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current				
Trade receivables				
Third parties	34,754,215	34,016,602	-	-
Related parties	1,895,456	3,969,769	-	-
Construction contracts:				
Due from customers (Note 21)	16,368,508	16,645,810	-	-
Retention sums	5,917,677	6,145,896	-	-
	58,935,856	60,778,077	-	-
Less: Provision for doubtful debts:				
Third parties	(5,176,492)	(4,386,140)	-	-
	(5,176,492)	(4,386,140)	-	-
Trade receivables, net	53,759,364	56,391,937	-	-
Other receivables				
Amount due from related parties:				
Subsidiaries	-	-	53,697,865	36,948,618
Related parties	546,303	51	408	51
	546,303	51	53,698,273	36,948,669
Deposit paid for acquisition of land	30,374,893	17,935,636	-	-
Deposit and prepayment	4,140,404	6,114,149	436,922	261,837
Other receivables	4,991,122	1,130,689	303,876	390,013
Other receivables, net	40,052,722	25,180,525	54,439,071	37,600,519
Total	93,812,086	81,572,462	54,439,071	37,600,519

(a) Included in trade receivables of the Group are amounts which have been outstanding in excess of 12 months amounting to RM2,415,325 (2005: RM5,138,002), out of which, RM148,408 (2005: RM133,490) is due from a related party, Kawalan Api Engineering Sdn Bhd. Details of the related party transactions are disclosed in Note 33.

In assessing the extent of irrecoverable debts, the directors have given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Notwithstanding the overdue nature of these debts, the directors have assessed these debts as fully recoverable. Accordingly, no further provision has been made for doubtful recovery in respect of these debts.

(b) The deposits paid for acquisition of land include deposit paid, interest and incidentals incurred in an acquisition of certain freehold land as disclosed in Note 36(i). The completion of the agreement to acquire the freehold land is pending fulfillment of certain conditions precedent as stated in the agreement, including the payment of the final tranche of RM4,000,000. The interest incurred and capitalised amounted to RM3,420,767 (2005: RM1,935,096) during the financial year.

20. TRADE AND OTHER RECEIVABLES (CONTD.)

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

21. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2006 RM	**2005 RM**
Construction costs incurred todate	265,265,577	227,002,759
Attributable profits	29,856,845	19,780,851
	295,122,422	246,783,610
Less : Progress billings	(288,108,505)	(235,358,665)
	7,013,917	11,424,945
Due from customers on contract (Note 20)	16,368,508	16,645,810
Due to customers on contract (Note 30)	(9,354,591)	(5,220,865)
	7,013,917	11,424,945
Retention sums on contract, included within trade receivables	5,917,677	6,145,896

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2006 RM	**2005 RM**
Hire of plant and machinery	33,924	8,241

Included in amount due from customers on contracts is an amount of RM2,997,652 (2005: RM2,997,652) due from a contractor (the "Main Contractor"), comprising costs incurred for a contract for which uncertainty exist over its recovery. The recovery of this amount is dependent on the successful claim by the Main Contractor against its customer who had previously awarded the contract (the "Customer") to the Main Contractor. The Main Contractor awarded a parcel of the contract to a subsidiary, Armatrade Sdn Bhd ("Armatrade").

On 8 April 1999, Armatrade made a claim against the Main Contractor for a sum of RM6,555,842 together with interest and costs for contract work performed. The Main Contractor counter-claimed against Armatrade for a sum of RM10,624,530 together with interest and costs for delays in works and unsatisfactory workmanship.

In another action which commenced on 1 September 1999, the Customer made a claim against the said Main Contractor for the sum of RM32,759,184 together with interest and costs. The Main Contractor counter-claimed, inter alia, for a sum of RM78,090,502 together with interest and costs.

21. DUE FROM/(TO) CUSTOMERS ON CONTRACTS (CONTD.)

On 23 November 2004, a Compromise Agreement ("Agreement") was signed between the Main Contractor and Armatrade. In the Agreement, the Main Contractor and Armatrade agreed to withdraw all the claims against each other. The recovery of the contract cost of RM2,997,652 is contingent upon on the successful counter-claim by the Main Contractor against the Customer.

The above case is still pending hearing of interlocutory applications at the High Court with the last hearing held on 16 November 2006. The High Court has fixed for the next hearing from 2 April 2007 to 5 April 2007. However, the directors, having considered all other available information, are of the opinion that all costs incurred on the contract can be recovered. Accordingly, no provision for amount due from customers on contracts has been made.

22. MARKETABLE SECURITIES

	Group	
	2006 RM	2005 RM
Shares quoted in Malaysia at cost	163,638	-
Market value of quoted shares	164,153	-

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash on hand and at banks	5,535,048	7,169,384	92,843	110,395
Deposits with licensed banks	5,568,000	2,338,000	3,990,000	-
Cash and bank balances	11,103,048	9,507,384	4,082,843	110,395

Deposits with other financial institutions of the Group amounting to RM38,000 (2005: RM38,000) pledged as securities for borrowings (Note 27).

Other information on financial risks of cash and cash equivalents are disclosed in Note 34.

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash and bank balances	5,535,048	7,169,384	92,843	110,395
Deposit with licensed banks	5,568,000	2,338,000	3,990,000	-
Bank overdrafts (Note 27)	(74,030)	(1,902,822)	-	-
Total cash and cash equivalents	11,029,018	7,604,562	4,082,843	110,395

24. SHARE CAPITAL AND SHARE PREMIUM

	Par value per share RM	No. of shares No.	Amount RM
Share Capital			
Authorised share capital			
At 1 January 2005	1.00	100,000,000	100,000,000
Created during the year	1.00	400,000,000	400,000,000
At 31 December 2005	1.00	500,000,000	500,000,000
Sub-division to RM0.50 per share	-	500,000,000	-
At 31 December 2006	0.50	1,000,000,000	500,000,000
Issued and fully paid up			
At 1 January 2005/ 2006	1.00	41,451,728	41,451,728
Bonus issue during the year	1.00	20,725,864	20,725,864
	1.00	62,177,592	62,177,592
Sub-division to RM0.50 per share	-	62,177,592	-
At 31 December 2006	0.50	124,355,184	62,177,592

	Group/Company RM
Share Premium	
At 1 January 2005/2006	3,206,022
Capitalised for bonus issue	(3,206,022)
At 31 December 2006	-

As approved by shareholders at the Extraordinary General Meeting held on 29 June 2006, the issued and paid up share capital of the Company was increased from RM41,451,728 to RM62,177,592 during the financial year by way of a bonus issue of 20,725,864 shares of RM1 each through capitalisation of RM3,206,022 from share premium reserve and RM17,519,842 from retained earnings on the basis of one (1) new share for every two (2) shares held. The new shares rank pari passu with the then existing shares.

Subsequent to the bonus issue, the Company sub-divided every one (1) share of RM1 each into two (2) shares of RM0.50 each. On completion of the bonus issue and share split, the issued and paid up share capital of the Company comprise 124,355,184 shares of RM0.50 each.

25. OTHER RESERVES

	Asset Revaluation Reserve RM	Capital Reserve RM	Foreign Currency Translation Reserve RM	Total RM
Group				
At 1 January 2005	653,458	1,360,010	111,822	2,125,290
Foreign currency translation	-	-	(50,193)	(50,193)
At 31 December 2005	653,458	1,360,010	61,629	2,075,097
Revaluation decrease	(120,279)	-	-	(120,279)
Foreign currency translation	-	-	(12,159)	(12,159)
At 31 December 2006	533,179	1,360,010	49,470	1,942,659
Company				
At 1 January 2005/2006 and At 31 December 2006	533,179	-	-	533,179

The nature and purpose of each category of reserve are as follows:

(a) Capital reserve

This represents a reserve set aside for bonus issues made by subsidiaries.

(b) Asset revaluation reserve

Asset revaluation reserve represents the cumulative net change in fair value of land and buildings, net of deferred tax.

(c) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

26. RETAINED EARNINGS

As at 31 December 2006, the Company has tax exempt profits available for distribution of approximately RM18,351,000 (2005: RM12,119,000), subject to the agreement of the Inland Revenue Board.

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 out of its entire retained earnings as at 31 December 2006.

27. BORROWINGS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Short term borrowings				
Secured:				
Term loans	25,860	21,739	-	-
Hire purchase and finance lease liabilities (Note 28)	271,384	424,804	-	-
	297,244	446,543	-	-
Unsecured:				
Bank overdrafts	74,030	1,902,822	-	-
Revolving credits	1,000,000	1,000,000	-	-
Bankers acceptances	4,972,000	8,103,028	-	-
	6,046,030	11,005,850	-	-
	6,343,274	11,452,393	-	-
Long term borrowings				
Secured:				
Term loans	143,385	172,601	-	-
Hire purchase and finance lease liabilities (Note 28)	330,887	587,182	-	-
	474,272	759,783	-	-
Unsecured:				
Fixed Rate Loans	25,000,000	25,000,000	25,000,000	25,000,000
	25,000,000	25,000,000	25,000,000	25,000,000
	25,474,272	25,759,783	25,000,000	25,000,000
Total Borrowings				
Bank overdrafts	74,030	1,902,822	-	-
Revolving credits	1,000,000	1,000,000	-	-
Bankers acceptances	4,972,000	8,103,028	-	-
Term loans	169,245	194,340	-	-
Hire purchase and finance lease liabilities	602,271	1,011,986	-	-
(Long term borrowings) Fixed Rate Loans	25,000,000	25,000,000	25,000,000	25,000,000
	31,817,546	37,212,176	25,000,000	25,000,000

27. BORROWINGS (CONTD.)

The term loans are secured by the following:

(i) First legal charge over a freehold land and buildings under the investment properties of a subsidiary as disclosed in Note 14;

(ii) Corporate guarantees by the Company.

Salient Terms of the Unsecured Fixed Rate Term Loan

The Company entered into a Loan Facility Agreement with Alliance Merchant Bank Berhad ("Alliance Merchant") and Kerisma Berhad ("Kerisma") in respect of the acceptance of an Unsecured Fixed Rate Term Loan Facility (the "Loan Facility") extended by Alliance Merchant (the "Facility Agreement"). In accordance with the terms of the Facility Agreement, Alliance Merchant sold all rights, titles and interests relating to the Loan Facility to Kerisma. Kerisma in turn issued asset-back securities, namely Senior, Mezzanine and Subordinated Bonds, pursuant to a Primary Collateralised Loan Obligations Transaction ("CLO").

Alliance Merchant disbursed RM25 million of the Loan Facility to the Company with a tenure of five (5) years and the Company subscribed for Subordinated Bonds amounting to RM2.5 million issued by Kerisma pursuant to the CLO.

The Company is required to maintain a certain level of rating accorded by the Malaysian Rating Corporation Berhad. In the event that the rating falls below the prescribed level, it will trigger the prepayment clause stated in the Facility Agreement rendering the Loan Facility payable on demand.

Other information on financial risks of borrowings are disclosed in Note 34.

28. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2006	**2005**
	RM	**RM**
Future minimum lease payments:		
Not later than 1 year	294,208	462,979
Later than 1 year and not later than 2 years	186,122	288,790
Later than 2 year and not later than 5 years	159,866	345,987
Total minimum future lease payments	640,196	1,097,756
Less: Future finance charges	(37,925)	(85,770)
Present value of finance lease liabilities	602,271	1,011,986
Analysis of present value of finance lease liabilities:		
Not later than 1 year	271,384	424,804
Later than 1 year and not later than 2 years	175,515	263,147
Later than 2 years and not later than 5 years	155,372	324,035
	602,271	1,011,986
Less: Amount due within 12 months	(271,384)	(424,804)
Amount due after 12 months	330,887	587,182

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 34.

29. DEFERRED TAXATION

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
At 1 January	552,238	564,808	120,564	199,564
Recognised in income statement	(141,806)	(12,570)	-	(79,000)
At 31 December	410,432	552,238	120,564	120,564
Presented after appropriate offsetting as follows:				
Deferred tax assets	(3,992)	-	-	-
Deferred tax liabilities	414,424	552,238	120,654	120,564
	410,432	552,238	120,654	120,564

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:

	Property, plant and equipment RM	Revaluation surplus RM	Total RM
At 1 January 2005	605,627	8,594	614,221
Recognised in income statement	(57,624)	-	(57,624)
At 31 December 2005	548,003	8,594	556,597
Recognised in income statement	(127,049)	(8,594)	(135,643)
At 31 December 2006	420,954	-	420,954

Deferred Tax Assets of the Group:

	Unused tax losses and unabsorbed capital allowances RM
At 1 January 2005	(49,413)
Recognised in income statement	45,054
At 31 December 2005	(4,359)
Recognised in income statement	(6,163)
At 31 December 2006	(10,522)

> notes to the financial statements
- 31 december 2006 (contd.)

29. DEFERRED TAXATION (CONTD.)

Deferred Tax Liabilities of the Company:

	Property, plant and equipment RM
At 1 January 2005	199,564
Recognised in income statement	(79,000)
At 31 December 2005	120,564
Recognised in income statement	6,530
At 31 December 2006	127,094

Deferred Tax Assets of the Company:

	Unused tax losses and unabsorbed capital allowances RM
At 1 January 2005	-
Recognised in income statement	-
At 31 December 2005	-
Recognised in income statement	(6,530)
At 31 December 2006	(6,530)

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

	Group	
	2006 RM	2005 RM
Unused tax losses	663,509	699,311
Unabsorbed capital allowances	71,499	60,606
Provisions	69,006	69,006
Others	595	1,188
	804,609	830,111

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries and of the Company are subject to no substantial changes in shareholdings of those subsidiaries and the Company under Section 44(5A) and (5B) of Income Tax Act, 1967.

30. TRADE AND OTHER PAYABLES

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Current				
Trade payables				
Third parties	13,069,693	15,263,138	-	170,087
Related parties	791,716	362,421	-	-
Construction contracts:				
Due to customers (Note 21)	9,354,591	5,220,865	-	-
	23,216,000	20,846,424	-	170,087
Other payables				
Amounts due to related parties:				
Subsidiaries	-	-	5,825,840	834,271
Accruals	3,029,000	2,983,544	147,858	342,968
Other payables	1,021,613	3,346,541	217,086	176,810
	4,050,613	6,330,085	6,190,784	1,354,049
Total	27,266,613	27,176,509	6,190,784	1,524,136

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days.

(b) Amounts due to related parties

Amounts due to all related parties are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

(c) Other payables

Included in other payables is deposit received of RM412,259 (2005: RM412,259) from the purchaser for the disposal of land as disclosed in Note 15(b).

Further details on related party transactions are disclosed in Note 33.

Other information on financial risks of other payables are disclosed in Note 34.

> notes to the financial statements
- 31 december 2006 (contd.)

31. CAPITAL COMMITMENTS

	Group	
	2006	**2005**
	RM	**RM**
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	183,750	141,500
Investment property	4,000,000	14,000,000
Investment	37,185,000	-
	41,368,750	14,141,500

32. CONTINGENT LIABILITIES

	Company	
	2006	**2005**
	RM	**RM**
Secured:		
Corporate guarantees given to banks for credit facilities granted to subsidiaries	240,660	240,660
Unsecured:		
Corporate guarantees given to banks for credit facilities granted to subsidiaries	41,765,660	41,765,660
Corporate guarantees given to corporations for credit facilities granted to subsidiaries	22,460,000	20,960,000
	64,466,320	62,966,320

33. RELATED PARTY DISCLOSURES

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

	Company	
	2006	**2005**
	RM	**RM**
Transactions with subsidiaries		
Administration income receivable	1,440,000	998,400

33. RELATED PARTY DISCLOSURES (CONTD.)

	Group 2006 RM	Group 2005 RM
Transactions with related parties		
Kawalan Api Engineering Sdn Bhd		
- Contract fee receivable	(78,149)	-
- Sales	(3,182,303)	(5,350,465)
Fitters (Sabah) Sdn Bhd		
- Sales	(565,431)	(417,498)
- Rental receivables	(4,800)	(4,800)
- Purchase of raw materials	9,936	-
Wai Soon Engineering Sdn Bhd		
- Sales	(5,888)	(6,898)
- Contract fee payable	3,449,262	2,359,442
- Rental receivable	(22,500)	(60,000)

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

The related party relationships are as follows:

Related party	Relationship
Kawalan Api Engineering Sdn Bhd ("KAE")	Zabidi bin Haji Mohd Zain who is a director and major shareholder of KAE, is a person connected to Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali, who is a director of Fitters Holdings Berhad. He is also a person connected to Zahedi bin Haji Mohd Zain, who is an alternate director to Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali.
Fitters (Sabah) Sdn Bhd	Dato' Wong Swee Yee who is a director and major shareholder of Fitters Holdings Berhad, is also a director and major shareholder of Fitters (Sabah) Sdn Bhd.
Wai Soon Engineering Sdn Bhd	Wong Swee Loy who is the brother of Dato' Wong Swee Yee and Wong Swee Seong, both are directors of Fitters Holdings Berhad, is also a director and major shareholder of Wai Soon Engineering Sdn. Bhd. Wong Swee Loy is also the son of Wong Cheek Lung who is a director of Fitters Holdings Berhad.

Information regarding outstanding balances arising from related party transactions as at 31 December 2006 are disclosed in Note 20 and Note 30.

> notes to the financial statements
- 31 december 2006 (contd.)

34. 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 risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets except for deposits with licensed bank, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group's policy is to keep between 70% and 80% of its borrowings at fixed rates of interest.

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 Year RM	1-2 Years RM	2-3 Years RM	3-4 Years RM	4-5 Years RM	More than 5 Years RM	Total RM
At 31 December 2006									
Group									
Fixed rate									
Hire purchase and finance lease liabilities	28	6.25	(271,384)	(175,515)	(123,640)	(31,732)	-	-	(602,271)
Long term borrowing	27	6.50	-	-	(25,000,000)	-	-	-	(25,000,000)
Floating rate									
Cash and bank balances	23	3.25	11,103,048	-	-	-	-	-	11,103,048
Bank overdrafts	27	9.25	(74,030)	-	-	-	-	-	(74,030)
Revolving credit	27	5.70	(1,000,000)	-	-	-	-	-	(1,000,000)
Bankers' acceptances	27	5.18	(4,972,000)	-	-	-	-	-	(4,972,000)
Term loans	27	6.75	(25,860)	(21,739)	(21,739)	(21,739)	(21,739)	(56,429)	(169,245)

34. FINANCIAL INSTRUMENTS (CONTD.)

(b) Interest Rate Risk (Contd.)

	Note	WAEIR %	Within 1 Year RM	1-2 Years RM	2-3 Years RM	3-4 Years RM	4-5 Years RM	More than 5 Years RM	Total RM
At 31 December 2006									
Company									
Fixed rate									
Long term borrowing	27	6.50	-	-	(25,000,000)	-	-	-	(25,000,000)
Floating rate									
Cash and bank balances	23	3.25	4,082,843	-	-	-	-	-	4,082,843
At 31 December 2005									
Group									
Fixed rate									
Hire purchase and finance lease liabilities	28	6.25	(424,804)	(271,384)	(175,515)	(123,640)	(16,643)	-	(1,011,986)
Long term borrowing	27	6.50	-	-	-	(25,000,000)	-	-	(25,000,000)
Floating rate									
Cash and bank balances	23	3.25	9,507,384	-	-	-	-	-	9,507,384
Bank overdrafts	27	8.80	(1,902,822)	-	-	-	-	-	(1,902,822)
Revolving credits	27	5.00	(1,000,000)	-	-	-	-	-	(1,000,000)
Bankers' acceptances	27	3.80	(8,103,028)	-	-	-	-	-	(8,103,028)
Term loans	27	6.90	(21,739)	(21,739)	(21,739)	(21,739)	(21,739)	(85,645)	(194,340)
Company									
Fixed rate									
Long term borrowing	27	6.50	-	-	-	(25,000,000)	-	-	(25,000,000)
Floating rate									
Cash and bank balances	23	3.25	110,395	-	-	-	-	-	110,395

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months except for term loans and floating rate loans which are repriced annually. Interest on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and of the Company that are not included in the above tables are not subject to interest rate risks.

34. FINANCIAL INSTRUMENTS (CONTD.)

(c) Foreign Currency Risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Singapore Dollar, United States Dollar, Sterling Pound, Australian Dollar and Euro. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Approximately 10% of the Group's sales are denominated in currencies other than the unit's functional currency of the operating unit making the sale, whilst approximately 22% to 25% of costs are denominated in the unit's functional currency.

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

	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies					
Functional Currency of Group Companies	Ringgit Malaysia RM	Australian Dollar RM	Sterling Pound RM	Euro Dollar RM	United States Dollar RM	Total RM
At 31 December 2006						
Ringgit Malaysia	-	-	1,639,370	1,164,848	1,027,246	3,831,464
Singapore Dollars	(989,028)	-	-	-	-	(989,028)
	(989,028)	-	1,639,370	1,164,848	1,027,246	2,842,436
At 31 December 2005						
Ringgit Malaysia	-	28,869	1,018,120	(21,599)	800,391	1,825,781
Singapore Dollars	(644,808)	-	-	-	-	(644,808)
	(644,808)	28,869	1,018,120	(21,599)	800,391	1,180,973

(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

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

34. FINANCIAL INSTRUMENTS (CONTD.)

e) Credit Risk (Contd.)

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

(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	
	Carrying Amount RM	Fair Value RM
At 31 December 2006		
Marketable securities	163,638	164,153
Fixed rate term loans	25,000,000	27,018,998
Hire purchase and finance lease creditors	602,271	593,966
At 31 December 2005		
Fixed rate term loans	25,000,000	26,211,397
Hire purchase and finance lease creditors	1,011,986	855,873

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

(i) Borrowings

Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar type of lending, borrowing and leasing arrangements.

(ii) Marketable securities

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.

> notes to the financial statements
- 31 december 2006 (contd.)

35. SEGMENT INFORMATION

(a) Reporting Format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets

(b) Business segments

The group is organised into two major business segments:

(i) Fire and safety products and services

Manufacturing, trading, installation, supply and repair and maintenance of fire fighting equipment.

(ii) Automotive parts and equipment

Assembly and sale of automotive parts and related products.

(c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's business segments operate in three geographical areas, Malaysia, Singapore and United Kingdom.

(d) Allocation basis and transfer pricing

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

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

35. SEGMENT INFORMATION (CONTD.)

	Fire and safety products and services RM	Automotive parts and equipment RM	Elimination RM	Consolidated RM
2006				
REVENUE AND EXPENSES				
Revenue				
External sales	128,237,518	183,541	-	128,421,059
Inter-segment sales	-	-	-	-
Total revenue	128,237,518	183,541	-	128,421,059
Results				
Segment results/profit from operations	16,581,729	(99,967)	-	16,481,762
Finance costs				(400,370)
Taxation				(3,879,548)
Profit after taxation				12,201,844
Minority interest				(169,374)
Net profit for the year				12,032,470
ASSETS AND LIABILITIES				
Segment assets	141,729,399	3,590,362	(208,113)	145,111,648
Segment liabilities	60,286,458	634,906	(208,113)	60,713,251
OTHER INFORMATION				
Capital expenditure	1,121,300	-	-	1,121,300
Depreciation	1,081,638	15,449	-	1,097,087
Non cash expenses	2,260,288	46,500	-	2,306,788

> notes to the financial statements
- 31 december 2006 (contd.)

35. SEGMENT INFORMATION (CONTD.)

	Fire and safety products and services RM	Automotive parts and equipment RM	Elimination RM	Consolidated RM
2005				
REVENUE AND EXPENSES				
Revenue				
External sales	142,336,725	994,788	-	143,331,513
Inter-segment sales	-	102,965	(102,965)	-
Total revenue	142,336,725	1,097,753	(102,965)	143,331,513
Results				
Segment results/profit from operations	13,415,126	2,205	(28,296)	13,389,035
Finance costs				(841,814)
Taxation				(3,266,374)
Profit after taxation				9,280,847
Minority interest				(100,532)
Net profit for the year				9,180,315
ASSETS AND LIABILITIES				
Segment assets	137,166,478	4,769,354	(1,026,871)	140,908,961
Segment liabilities	65,354,618	2,432,859	(1,026,871)	66,760,606
OTHER INFORMATION				
Capital expenditure	1,197,227	-	-	1,197,227
Depreciation	1,187,463	23,247	-	1,210,710
Non cash expenses	(136,079)	(2,972)	-	(139,051)

(c) GEOGRAPHICAL SEGMENTS

The following table provides an analysis of the Group's revenue by geographical segment:

Revenue by Geographical Segments

	2006 RM	2005 RM
Malaysia	127,577,196	133,866,953
Singapore	843,863	4,469,202
United Kingdom	-	4,975,358
	128,421,059	143,311,513

35. SEGMENT INFORMATION (CONTD.)

(c) GEOGRAPHICAL SEGMENTS (CONTD.)

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by geographical segments:

	Segment Assets		Capital Expenditure	
	2006 RM	2005 RM	2006 RM	2005 RM
Malaysia	144,260,800	138,189,575	1,121,021	1,194,096
Singapore	826,553	1,566,164	279	3,131
United Kingdom	24,295	1,153,222	-	-
	145,111,648	140,908,961	1,121,300	1,197,227

36. OTHER SIGNIFICANT EVENTS

(i) In the previous financial year, a subsidiary entered into a Sale and Purchase Agreement to acquire a parcel of freehold land for a cash consideration of RM30,000,000. The land which measures approximately 502 acres, is held under Geran No.5668, Lot 451, Mukim of Ulu Telom, District of Cameron Highlands, Pahang Darul Makmur. The acquisition has not been completed as at the end of the financial year.

(ii) On 12 January 2004, the Company announced a proposed special issue of 3,401,000 new ordinary shares of RM1 each ("Special Issue Shares") to Bumiputera investors ("Proposed Special Issue"). The Special Issue Shares shall, upon allotment and issue, rank pari passu in all respects with the existing shares of the Company except that they will not be entitled to any dividend that may be declared in respect of financial year ended 31 December 2003 as well as to any rights, allotments and/or any other distributions the entitlement of which is prior to the allotment of the Special Issue Shares.

The Proposed Special Issue is to comply with the Bumiputera equity condition imposed by the Foreign Investment Committee ("FIC") vide its letter dated 17 January 2000 (the "Condition") by 31 December 2000. In this respect, the FIC, vide its letter dated 17 February 2005, has granted an extension of time up to 31 December 2005 for the Company to comply with the Condition.

The FIC subsequently further granted an extension of time of up to 30 June 2007 for the Company to comply with the Condition vide its letter dated 10 March 2006.

(iii) On 15 May 2006, the Company made an announcement to revise the original proposals announced on 18 May 2005 to undertake the following proposals:

(a) Revised bonus issue of up to 22,426,364 new ordinary shares of RM1 each on the basis of one (1) bonus share for every two (2) existing ordinary shares of RM1 each.

(b) Share split involving the subdivision of one existing ordinary shares of RM1 each to two ordinary shares of RM0.50 each.

(c) Amendments to the Memorandum & Articles of Association of the Company in relation to the proposed share split.

36. OTHER SIGNIFICANT EVENTS (CONTD.)

(iii) (d) Transfer of the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company from the Second Board of Bursa Malaysia Securities Berhad ("BMSB") to the Main Board of BMSB.

(e) Revised renounceable rights issue of up to 67,279,092 new warrants at an issue price to be determined later on the basis of one warrant for every two existing ordinary shares of RM1 each held in the Company.

On 7 September 2006, the Company had completed the bonus issued and share split.

(iv) In the previous financial year, a subsidiary entered into a Sale and Purchase Agreement to dispose off a parcel of leasehold land for a cash consideration of RM2,061,297, which measures approximately 75,837 square meters held under HS(D) 3108, PT10573, Mukim Bukit Payung, District of Marang, Terengganu Darul Imam and RM412,259 was received from the purchaser as deposit. The disposal has not been completed as at balance sheet date.

(v) In the previous financial year, a subsidiary entered into a Sale and Purchase Agreement to dispose of a parcel of freehold land and building held under GM117 Lot No.2221, Mukim of Batu, District of Kuala Lumpur, Negeri Selangor Darul Ehsan for a cash consideration of RM9,500,000. The disposal which resulted a gain to the Group of RM3,160,575 was completed during the financial year ending 31 December 2006.

37. SUBSEQUENT EVENTS

(i) On 4 January 2007, a subsidiary entered into a Sale and Purchase Agreement to acquire the equity interest of 510,000 ordinary shares of RM1.00 representing 51% equity interest in issued and paid-up share capital of Z'odd Design Sdn Bhd for a total cash consideration of RM1.00.

(ii) On 22 January 2007, the Company entered into a Sale and Purchase Agreement to acquire the equity interest of 2 ordinary shares of RM1.00 representing 100% equity interest in issued and paid-up share capital of Wintip Sdn Bhd for a total cash consideration of RM2.00.

iii) On 9 March 2007, a subsidiary entered into a Sale and Purchase Agreement to dispose 250,000 ordinary shares of RM1.00 representing 100% equity interest in Cameron Fresh Farms Sdn Bhd for a total cash consideration of RM30 million together with all the assets and liabilities therein.

> notice of 21st annual general meeting

NOTICE IS HEREBY GIVEN THAT the 21st Annual General Meeting of the Company will be held at No. 1 Block C Jalan Dataran SD1, Dataran SD, PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur on Wednesday, 30 May 2007 at 11.30 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

Resolution No.

1. To receive the Financial Statements for the financial year ended 31 December 2006 together with the Directors' and Auditors' Report thereon.

2. To re-elect Dato' Wong Swee Yee who retires pursuant to Article 83 of the Company's Articles of Association and being eligible has offered himself for re-election. **1**

3. To re-appoint the following Directors who retire in accordance with Section 129 (2) of the Companies Act, 1965:-
   a) Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali **2**

   b) Mr. Wong Cheek Lung **3**

4. To approve the payment of a Final Dividend of 4 sen per share less 27% income tax for the financial year ended 31 December 2006 as recommended by the Directors **4**

5. To approve the payment of Directors' fees for the financial year ended 31 December 2006. **5**

6. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **6**

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions:-

   (a) **Authority to issue new shares pursuant to Section 132D of the Companies Act, 1965** **7**
   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may at their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company at the time of issue, subject always to the approval of all relevant regulatory bodies being obtained for such allotments and issues."

   (b) **Proposed Renewal of Shareholders' Mandate For Fitters Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")**
   "THAT pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, authority be and is hereby given to the Company and its subsidiaries ("Fitters Group") to enter into any of the category of Recurrent Related Party Transactions of a revenue or trading nature with :

> notice of 21st annual general meeting

SPECIAL BUSINESS (CONTD.)

		Resolution No.
i	Fitters-MPS Sdn Bhd………………………………………… ....…………	8
iii	Pipefabricators Sdn Bhd………………………………………………..…	9
iii	Fitters Fire Technology Sdn Bhd…………………..……………..…..	10
iv	Fitters (Sabah) Sdn Bhd……………………………………………..	11
v	Kawalan Api Engineering Sdn Bhd…......…………………………	12
vi	Wai Soon Engineering Sdn Bhd……………………………..………	13
vii	Australian Aerosols (Asia) Pty Ltd………………………………..	14

as set out in section 2.5 of the Circular to Shareholders dated 8 May 2007 which shall be considered and approved as separate mandates, provided that:-

(a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the Related Party than those generally available to the public and on such terms that are not to the detriment of the minority shareholders of the Company;

(b) disclosure is made in the annual report of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Shareholders' Mandate during the financial year;

THAT such approval shall take effect from the passing of the ordinary resolution and will continue to be in force (unless revoked or varied by the Company in general meeting) until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company in 2008, at which time it will lapse, unless by a resolution passed at that meeting whereby the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143 (2), of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND THAT the Directors and the Secretaries of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Proposed Shareholders' Mandate."

ANY OTHER BUSINESS

8 To transact any other ordinary business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a Final Dividend of 4 sen per share less 27% income tax in respect of the financial year ended 31 December 2006, if approved at the 21st AGM will be payable on 30 August 2007 to Depositors registered in the Record of Depositors at the close of business on 30 July 2007.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

(a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 30 July 2007 in respect of ordinary transfer; and

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD
FITTERS HOLDINGS BERHAD

WOO YING PUN (MAICSA 7001280)
LOH YIN FUN (MAICSA 0862905)
Company Secretaries

Kuala Lumpur
Date : 8 May 2007

Notes :

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his / her stead.*

2. *A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Act shall not apply to the Company.*

3. *The instrument appointing a proxy must be deposited at the Company's Registered Office No. 1 Block C Jalan Dataran SD1, Dataran SD, PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur not less than forty- eight (48) hours before the time for holding the meeting or at any adjournment thereof.*

4. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.*

5. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

6. *If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or of his attorney duly authorised in writing.*

> notice of 21st annual general meeting

A) Explanatory Note on Resolution 7:-

The Ordinary Resolution No. 7, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issue capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a General Meeting will expire at the next Annual General Meeting.

B) Explanatory Note on Resolutions 8 to 14:-

The Ordinary Resolutions No. 8 to 14, if passed will give authority to the Company and its subsidiaries to enter into with specific classes of related parties and to give effect to specified recurrent related party transactions of a revenue or trading nature which are necessary for the Company and its subsidiaries' day-to-day operations. This authority will, unless revoked or varied by the Company in General Meeting will expire at the next Annual General Meeting. The detail explanatory is set out in the Circular to Shareholders dated 8 May 2007 attached to the Annual Report.

> statement accompanying notice of annual general meeting

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election and re-appointment at the 21st Annual General Meeting of the Company are as follows :-

   (i) Dato' Wong Swee Yee

   (ii) Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali

   (iii) Wong Cheek Lung

2. Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2006 are available on page 18 of the Annual Report.

3. Place, date and time of the 21 Annual General Meeting.

Date Of Meeting	Time Of Meeting	Place Of Meeting
Wednesday 30 May 2007	11.30 a.m.	No. 1 Block C Jalan Dataran SD1 Dataran SD, PJU 9 Bandar Sri Damansara 52200 Kuala Lumpur

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PROXY FORM

FITTERS

Fitters Holdings Berhad
(Company No : 149735-M)
(Incorporated in Malaysia)

I/We ____ NRIC No : ____________________
(Full name in Capital Letters)

of____
(Address)

being a member/members of FITTERS HOLDINGS BERHAD hereby appoint ____________________

____ NRIC No : ____________________
(Full Name)

of ____
(Address)

or failing him, ______________________________________ NRIC No : ____________________
(Full Name)

of ____
(Address)

as *my/*our proxy to vote for *me/*us on *my/*our behalf at the Annual General Meeting of FITTERS HOLDINGS BERHAD to be held at No. 1 Block C Jalan Dataran SD 1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur on 30 May 2007 and at any adjournment thereof.

The proportion of *my/*our holding to be represented by *my/*our proxies are as follows :
(The next paragraph should be completed only when two proxies are appointed).

Number of shares held :	

First Proxy (1) ....%

Second Proxy (2)...%

NO		FOR	AGAINST
1	RESOLUTION 1		
2	RESOLUTION 2		
3	RESOLUTION 3		
4	RESOLUTION 4		
5	RESOLUTION 5		
6	RESOLUTION 6		
7	RESOLUTION 7		

NO		FOR	AGAINST
8	RESOLUTION 8		
9	RESOLUTION 9		
10	RESOLUTION 10		
11	RESOLUTION 11		
12	RESOLUTION 12		
13	RESOLUTION 13		
14	RESOLUTION 14		

(Please indicate with (X) how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Dated this ___________ day of ___________ 2007

____
(Signature/Common Seal of Shareholder)

*(*Delete if not applicable)*

Notes :

1) *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his/her stead.*
2) *A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company.*
3) *The instrument appointing a proxy must be deposited at the Company's Registered Office at No. 1 Block C Jalan Dataran SD 1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur, not less than forty eight (48) hours before the time for holding the meeting or at any adjournment thereof.*
4) *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.*
5) *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
6) *If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or of his attorney duly authorised in writing.*

AFFIX STAMP

THE COMPANY SECRETARY
Fitters Holdings Berhad (149735-M)
No. 1 Block C Jalan Dataran SD1
Dataran SD, PJU 9
Bandar Sri Damansara
52200 Kuala Lumpur