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CORPORATE INFORMATION

BOARD OF DIRECTORS	Lim Beng Huan | Executive Chairman Loh Lay Choo | Managing Director Lim Teik Hian | Executive Director Jimmy Ong Chin Keng | Executive Director Lim Teck Chye | Executive Director Ng Chee Kong | Non-Executive Director Nik Azalan Bin Nik A. Kadir | Non-Executive Director Wong Sew Yun | Non-Executive Director
SECRETARIES	Lee Peng Loon Ong Eng Choon
REGISTERED OFFICE	51-21-A Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel : 04-2276 888 Fax : 04-2298 118
SHARE REGISTRAR	PFA Registration Services Sdn Bhd (19234-W) Level 13, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan Tel : 03-7725 4888, 7725 8046 Fax : 03-7722 2311
PRINCIPAL BANKERS	CIMB Bank Berhad (13491-P) Malayan Banking Berhad (3813-K) HSBC Bank Malaysia Berhad (127776-V) Alliance Bank Malaysia Berhad (88103-W)
AUDITORS	Deloitte KassimChan Chartered Accountants 4th Floor, Wisma Wang 251-A, Jalan Burma 10350 Pulau Pinang
AUDIT COMMITTEE	Nik Azalan Bin Nik A. Kadir | Chairman and Independent Non-Executive Director Ng Chee Kong | Independent Non-Executive Director Jimmy Ong Chin Keng | Executive Director Wong Sew Yun | Independent Non-Executive Director (Appointed on 28th February, 2007)
STOCK EXCHANGE LISTING	Bursa Malaysia | Second Board

LIM BENG HUAN | Executive Chairman

Mr Lim Beng Huan, a Malaysian aged 65 is the Executive Chairman of Emico Holdings Berhad. He was appointed as Director and Executive Chairman on 6 December 1991 and 8 January 1994 respectively. He is the co-founder of the business with Madam Loh Lay Choo. In the early 1970, he started as an independent agent supplying awards and trophy components to retail outlets in Malaysia. His foresight in recognising the market potential of this line of business led him to set up Emico in 1983. From then on, he managed to expand the business from a small partnership trading in trophies to its status of being the largest trophy manufacturer in Malaysia and ASEAN region. His vision and commitment towards the business has also steered Emico Group to venture into manufacturing and maintenance of lifts and escalators and lately into property development. He is also Chairman for the Nominating Committee and sits on the Board of several private limited companies. He and his family are the major shareholders of the Company. His wife, Madam Loh Lay Choo, is the Managing Director of the Company and his sons Mr Lim Teik Hian and Mr Lim Teck Chye sit on the Board of the Company as Executive Directors. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements, he has no other conflict of interest.

Mr Lim has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

LOH LAY CHOO | Managing Director

Madam Loh Lay Choo, a Malaysian aged 59, was appointed as Director and Managing Director on 6 December 1991 and 8 January 1994 respectively. She is the spouse of Mr Lim Beng Huan and co-founded the business with him. During the initial period of Emico's operation, she was involved in the establishment of the Company's manufacturing operations. She has in-depth knowledge of Emico Group's operations and adopts a personal touch approach in running the day-to-day operation matters. Her strong leadership has steered Emico Group from a small trading company to a diversified Group involved in manufacturing of plastic, woods and household products, manufacturing and maintenance of lifts and escalators and property development. She is a member of the Remuneration Committee and sits on the Board of several private limited companies. She and her family are the major shareholders of the Company. Her husband, Mr Lim Beng Huan, is the Executive Chairman of the Company and her sons Mr Lim Teik Hian and Mr Lim Teck Chye sit on the Board of the Company as Executive Directors. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements, she has no other conflict of interest.

Madam Loh has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

LIM TEIK HIAN | Executive Director

Mr Lim Teik Hian, a Malaysian aged 40 was appointed to the Board on 16 February 1996. He has a Diploma in Business Administration from Australia Business College, Melbourne, Australia. Upon graduation, he joined the Company in 1989 as the Marketing Manager and was responsible for the development of domestic market for Emico. At a later stage, he was involved in the general management of the manufacturing concern and was instrumental in the commissioning of modern manufacturing facilities for Emico Group. He was seconded to Vietnam to set up Emico's plastic manufacturing plant and has been actively running the day-to-day operation since then. He is the eldest son of Mr Lim Beng Huan and Madam Loh Lay Choo, the major shareholders of the Company and his younger brother, Mr Lim Teck Chye sits on the Board of the Company as Executive Director. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements, he has no other conflict of interest.

Mr Lim has not been convicted of any offence in the past 10 years and has attended 3 out of 5 Board meetings held during the financial year.

JIMMY ONG CHIN KENG | Executive Director

Mr Jimmy Ong Chin Keng, a Malaysian aged 44 was appointed to the Board on 16 February 1996. He is a Chartered Accountant and holds a professional qualification from the Malaysian Institute of Certified Public Accountants and is a member of Malaysian Institute of Accountants. He joined Emico Group in February 1993 as the Financial Controller and rose to the rank of Finance Director in 1996. His responsibilities include financial planning and budgeting, establishment and maintenance of accounting system and internal controls, credit management and matters relating to corporate affairs. Prior to his engagement in Emico, he served in two international accounting firms namely PriceWaterhouseCoopers and KPMG for a total of 8 years. He is a member of Emico's Audit Committee and sits on the Board of several private limited companies. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements, he has no other conflict of interest.

Mr Ong has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

LIM TECK CHYE | Executive Director

Mr. Lim Teck Chye, a Malaysian aged 33, was appointed to the Board on 11 May 2004. He graduated from University of Toledo, Ohio, USA in Bachelor of Science in Engineering and Master of Science in Industrial Engineering. Upon graduation, he joined Fuji Lift & Escalator Manufacturing Sdn. Bhd. (formerly known as Northern Elevator Manufacturing Sdn Bhd) as its Marketing Manager in July 1997. In mid 1998, he was transferred abroad to set up an elevator manufacturing plant in Fujian province, China. The China factory is in full operation since July 1999 and has obtained ISO 9001:2000 quality certification. He was appointed to the Board of Northern Elevator Berhad as the Executive Director in October 1999 and has held the position since then. He is the youngest son of Mr Lim Beng Huan and Madam Loh Lay Choo, the major shareholders of the company. And his brother, Mr Lim Teik Hian sits on Board of the Company as Executive Director. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements, he has no other conflict of interest.

Mr Lim has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

NIK AZALAN BIN NIK A. KADIR | Independent and Non-Executive Director

Encik Nik Azalan Bin Nik A. Kadir, a Malayisan aged 58 was appointed to the Board on 16 April 1993. He graduated in 1978 with a qualification in Electronic Data Processing ("EDP") from Caulfield Institute of Technology Melbourne, Australia (currently Caulfield-Monash University). He was a bank officer with Bank Bumiputra Malaysia Berhad from 1978 to 1980. Subsequently, he assumed the position of Senior Executive with the Terengganu State Economic Development Corporation, Terengganu, to pursue his interest in the business sector. He was appointed as a Director of several private limited companies which are principally involved in the assembling, trading and maintenance of personal computers and mini-computers, insulation, fabrication and mechanical siteworks for the oil and gas industry. He also sits on the Board of EG Industries Berhad, a public listed company and Kelang Assets Sdn Bhd, a subsidiary of a public listed company, Worldwide Holdings Berhad. He is also the Chairman of Emico's Audit Committee and the Remuneration Committee and member of the Nominating Committee.

Encik Nik has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

NG CHEE KONG | Independent and Non-Executive Director

Mr Ng Chee Kong, a Malaysian aged 64 is an Independent Non-Executive Director of the Company. He was appointed to the Board on 24 May 1999 and is a member of the Audit and the Remuneration Committee. He also sits as the Chairman of the Nominating Committee. He received his early education in Penang and joined the banking profession with a major local bank until his retirement 36 years later. During his tenure with the bank, he obtained a Diploma in Marketing & Selling Bank Services conferred by The International Management Centres, Buckingham, England.

Mr Ng has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

WONG SEW YUN | Independent and Non-Executive Director

Mr Wong Sew Yun, a Malaysian aged 51 was appointed to the Board on 14 January 1995. He has been involved in business for more than 26 years. He has his own business operating a transportation company plying East, West Malaysia and Indonesia. He is also involved in ceramic wares business and sits on the Board of several private limited companies.

Mr Wong has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

CORPORATE STRUCTURE
AS AT 31 DECEMBER 2006

EMICO HOLDINGS BERHAD

PROPERTY DEVELOPMENT & INVESTMENT

♦	100%	Emico Development Sdn Bhd
♦	79.8%	Emico Properties Sdn Bhd
♦	100%	Emico Capital Sdn Bhd
♦	100%**	Emico Development (Langkawi) Sdn Bhd
♦	71%	Mercu Tanah Langkawi Sdn Bhd
♦	49.7%	Operasi Tembaga Sdn Bhd
♦	39.8%	PKB - Operasi Tembaga Sdn Bhd
◇	50%**	Panashiba Industries (M) Sdn Bhd

TRADING

♦	100%**	Emico Newk Sdn Bhd
♦	100%	Emico Asia Sdn Bhd

MANUFACTURING

Consumer Products

♦	100%	Emico Penang Sdn Bhd
♦	100%**	Emico Tools Sdn Bhd
♦	100%	Emico Marketing Sdn Bhd
♦	100%**	Emico Creative Design Sdn Bhd
♦	100%	Emico Metalizing Sdn Bhd
♦	53.3%**	Standard Trend Apparel Industries Sdn Bhd
♦	100%	Emico (Vietnam) Co. Ltd.
◇	24.5%**	PT Panashiba Industries, Indonesia

Lifts and Escalators

♦	60%	Northern Elevator Berhad
♦	60%**	Pacific Elevator Sdn Bhd
♦	60%**	Fuji Lift Components Manufacturing Sdn Bhd
◇	20.9%	Quanzhou Fuji-Sino Elevators Co. Ltd, China
◇	24%**	Asian Elevator (M) Sdn Bhd
◇	18%**	Jiangnan Escalator (M) Sdn Bhd

♦ Subsidiary Companies
◇ Associated Companies
** Dormant / Inactive

The Board has appointed the Audit Committee to assist the Board in discharging its duties of maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets.

TERMS OF REFERENCE

- **Purpose**

  The primary objective of the Audit Committee (as a sub-committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

- **Reporting Responsibilities**

  The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

- **Attendance at Meeting**

  The head of finance, the head of internal audit and a representative of external audit shall normally attend meetings. The Company Secretary shall be the Secretary of the Committee. Other officers may be invited to brief the Committee on issues that are incorporated into the agenda.

- **Frequency of Meeting**

  The Committee will meet as frequently as the Chairman shall decide, with due notice of issues to be discussed and shall record its conclusions whilst discharging its duties and responsibilities.

- **Quorum**

  The quorum for a meeting shall be 2 (two) members, the majority of whom shall be independent non-executive directors.

- **Authority**

  The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee may, with the approval of the Board, consult legal or other professionals where they consider it necessary to discharge their duties.

MEMBERSHIP AND MEETINGS

The composition of the Company's Audit Committee, appointed by the Board from amongst its members, comprises of 3 (three) members of which 2 (two) are Non-Executive Directors.

During the year ended 31 December 2006, the Committee held meetings on 28 February, 25 April, 30 May, 29 August and 29 November 2006 respectively, making a total of 5 (five) meetings.

No.	Name	Status of directorship	Independence Status	Attendance of meetings
(i)	Nik Azalan Bin Nik Abdul Kadir (Chairman)	Non-Executive	Independent	5/5
(ii)	Ng Chee Kong (Member)	Non-Executive	Independent	5/5
(iii)	Jimmy Ong Chin Keng (Member)	Executive	Non-Independent	5/5

DUTIES AND RESPONSIBILITIES

The primary goal of the Committee is to review the financial condition of the Group, its internal controls, performance and findings of the internal auditors and to recommend appropriate remedial action.

The primary duties and responsibilities of the Committee are as follows:

- to review both the internal and external auditor's scope of audit plan, their evaluation of the system of internal controls and audit reports.
- to review and evaluate the adequacy and effectiveness of the Group's accounting policies, procedures and internal controls.
- to nominate, for the approval of the Board of Directors, a person or persons as auditor(s).
- to review the assistance and co-operation given by the Company's officers to the external and internal auditors.
- to review the quarterly and year end financial statements before submission to the Board of Directors.
- to review any related party transactions that may arise within the Company or the Group.
- to consider adequacy of Management's actions taken on internal and external audit reports.
- to review the allocation of shares to employees under the Employees' Share Option Scheme.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the year, the Audit Committee reviewed and appraised the annual audit plan and audit reports prepared by the Internal Auditors. The Committee also appraised the adequacy of actions taken by the Management in resolving the reported audit issues and in implementing suggested improvement measures.

On quarterly basis and financial year end the Committee reviewed the financial statements prepared by the Management for proper approval by the Board on its announcements. Any significant issues resulting from the audit of the financial statements by the External Auditors were noted by the Committee.

The Committee, at the conclusion of each meeting, recommended the Management to improve on internal controls, procedures and systems of the Company, where deemed appropriate.

ACTIVITIES OF INTERNAL AUDIT

The role of the Internal Auditors is to examine, evaluate and ensure compliance with the Group's policies, procedures and system of internal controls so as to provide reasonable assurance that such system continue to operate effectively in the Emico Group of Companies. The Internal Auditors work focuses on areas of priority as identified in accordance with the annual audit plan approved each year by the Audit Committee. For the year 2006, audit visits were conducted in all active subsidiaries of the Group.

The audit activities were as follows:-

a . ascertaining the extent of compliance with the established policies, procedures and statutory requirements;

b . reviewing of new systems and modified systems to ensure that proper controls exist in the systems or where certain necessary controls were absent, to prescribe controls before implementation;

c . identifying opportunities to improve the operations and the processes in the Company and the Group

The Internal Auditors reports their audit findings to the Audit Committee and the Management of the respective subsidiaries.

The Board of Directors of Emico Holdings Berhad is committed to ensuring that the Group is moving towards the highest standards of Corporate Governance in discharging its responsibilities to protect and enhance shareholders value and the Group's financial performance.

Currently, the Board is moving towards full compliance with all the principles in Part 1 of the Malaysian Code on Corporate Governance and is also committed to ensuring adoption of the Best Practice as recommended in Part 2 of the Code.

The Board

The Board consists of the following members:

- one executive chairman
- four executive directors
- three independent non-executive directors

The Board of Directors is leading and controlling the Group while the Company's Executive Chairman and Managing Director has the responsibility for the running of the Group's businesses.

Board Meeting

There were five Board Meetings held during the financial year ended 31 December 2006 and the attendance of the Directors were as follows:

Name of Director	Directorship	Attendance
Lim Beng Huan	Executive Chairman	5/5
Loh Lay Choo	Managing Director	5/5
Lim Teik Hian	Executive Director	3/5
Jimmy Ong Chin Keng	Executive Director	5/5
Lim Teck Chye	Executive Director	5/5
Wong Sew Yun	Independent Non-Executive Director	5/5
Nik Azalan Bin Nik A.Kadir	Independent Non-Executive Director	5/5
Ng Chee Kong	Independent Non-Executive Director	5/5

Supply Of Information

The Board is able to access a complete information in a timely basis in form and of a quality necessary for the discharge of their duties and responsibilities. Where required, the Board has the authority to source for independent or expert advice and views from outside the Group.

Appointment and Re-election of The Board

All Directors are required to submit themselves for re-election at least every three years.

The Board is responsible for the appointments of Directors and determining the remuneration package of each Director. In order to improve its effectiveness, the Board had set up a Nominating and a Remuneration Committee which consist of the following:

♦ **Nominating Committee**

Chairman
Mr Ng Chee Kong | Independent and Non-Executive Director

Member
Encik Nik Azalan Bin Nik A.Kadir | Independent and Non-Executive Director
Mr Lim Beng Huan | Executive Chairman

♦ **Remuneration Committee**

Chairman
Encik Nik Azalan Bin Nik A.Kadir | Independent and Non-Executive Director

Member
Mr Ng Chee Kong | Independent and Non-Executive Director
Madam Loh Lay Choo | Managing Director

DIRECTORS' REMUNERATION

Directors do not participate in decisions regarding their own remuneration. Directors' fee and emoluments are endorsed by the Board and approved by shareholders of the Company at Annual General Meeting.

The remuneration of the Directors for the financial year ended 31 December 2006 is as follows:

	Fee	Salaries and other emoluments	Benefits-in-kind
	RM	RM	RM
Executive Directors	130,000	969,274	8,400
Non- Executive Directors	30,000	15,250	-
Total	160,000	984,524	8,400

The number of Directors whose remuneration fall into the respective bands are as follows:

Range of Remuneration (RM)	Executive	Non-Executive
25,000 & below		3
25,000 - 50,000		
50,000 - 100,000	1	
100,000 - 150,000	1	
150,000 - 200,000		
200,000 - 250,000	1	
250,000 - 300,000	2	

DIRECTORS TRAINING

In compliance with paragraph 15.09 of the Bursa Malaysia Securities Listing Requirement, all members of the Board had attended the Mandatory Accreditation Program (MAP). The directors will continue to undergo other relevant training programmes such as Continuing Education Program (CEP) and other training programs to be determined by the Board from time to time to enhance their skills and knowledge where relevant.

SHAREHOLDERS

The Group has always placed high emphasis on communication with its shareholders on any major developments of the Group on a timely basis. This is achieved through regular quarterly and annual reports, and announcements.

The principal forum for dialogue with shareholders is at General Meeting, where investors are also encouraged to participate and pose questions to the Board on matters relating to operational and financial information.

ACCOUNTABILITY AND AUDIT

In presenting and reporting the annual reports and the quarterly announcement to shareholders, the Board has presented a balanced and understandable assessment of the Group's position and prospects.

The Board acknowledges its duty and responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets. It has established an Audit Committee comprising three (3) directors, the majority of whom are independent, to perform internal control covering financial, operational and compliance control and risk management necessary for the Group to achieve its objectives within acceptable risk profile. These controls can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has established formal and transparent relationship with the external auditors. The appointment of the auditors is recommended by Audit Committee and subject to the approval of the shareholders in Annual General Meeting. The auditors remuneration is determined by the Board but is recommended by the Audit Committee.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the profit or loss of the Group and the Company for the financial year. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

The Directors consider that in preparing the financial statements for the year ended 31 December 2006 set out on pages 28 to 92, the Group has used the appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

INTRODUCTION

Pursuant to Paragraph 15.27(b) of Bursa Malaysia Securities Listing Requirement, the Board of Directors of Emico Holdings Berhad is pleased to provide the following statement on the state of internal control of the Group, which has been prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Internal Control Guidance") issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities.

RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

The Board recognises the importance of a sound system of internal control and a structured risk management framework to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. Because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidance.

RISK MANAGEMENT

The Board and Management practise proactive significant risks identification on a quarterly basis or earlier as appropriate, particularly any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of internal audit function and has engaged the services of an independent professional accounting and consulting firm to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit function adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee. The audit focuses on areas with high risk and weak controls to ensure that an adequate action plan is in place to improve the controls. For those areas with high risk and strong controls, the audit ascertains that the risks are effectively mitigated by the controls. On a quarterly basis or earlier as appropriate, the internal auditors report to the Audit Committee on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:-

- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures for operational, financial and human resource management, which is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- A comprehensive business planning and detailed budgeting process where operating units prepare budgets for the coming year which are approved both at operating unit level and by the Board;
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary; and
- Regular visits to operating units by members of the Board and senior management.

Based on the internal auditors' report for the financial year ended 31 December 2006, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial year, all of which have been, or being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.24 of Bursa Malaysia Securities Listing Requirements.

This statement is issued in accordance with a resolution of the Directors dated 23 April, 2007.

1. **Utilisation of Proceeds**
   There was no capital raising exercise carried out by the Company during the financial year.

2. **Share Buy-Backs**
   The Company has not purchased any of its own shares and as such, there is no treasury shares maintained by the Company for share buy-backs.

3. **Options, Warrants or Convertible Securities**
   During the financial year, there were no options, or convertibles securities exercised by the Company except for the issuance of 303,859 ordinary shares of RM1 each through the conversion of 3,287 units of Irredeemable Convertible Secured Loan Stocks.

4. **American Depository Receipts (ADR) or Global Depository Receipt (GDR) Programme**
   During the financial year, the company did not sponsor any ADR or GDR programme.

5. **Sanctions And/Or Penalties**
   There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

6. **Non-Audit Fees**
   The non-audit fee paid/payable to external auditors for the financial year ended 31 December 2006 was RM2,000.

7. **Variation in Results**
   There were no variations of 10% or more between the audited results for the financial year ended 31 December 2006 and the unaudited results announced on 24 February 2007.

8. **Profit Guarantee**
   During the financial year, there was no profit guarantee given by the Company.

9. **Material Contracts**
   There were no material contracts entered by the Company and its subsidiaries involving Director's and major shareholder's interest other than those disclosed in the financial statements.

10. **Revaluation Policy**
    The Company has not adopted a regular revaluation policy on landed properties.

11. **Recurrent Related Party Transactions of a Revenue Nature**
    There were no material recurrent related party transactions of a revenue nature during the year other than those disclosed in the financial statements.

On behalf of the Board of Directors of Emico Holdings Berhad, I am pleased to present herewith the Annual Report and Accounts of the Group and of the Company for the financial year ended 31 December 2006.

REVIEW OF RESULTS

The Group recorded a higher turnover of RM64 million and profit for the year from continuing operations of RM8.5 million as compared to 2005 results of RM53.9 million for turnover and loss for the year from continuing operations of RM4.6 million. The higher turnover from continuing operations was attributable to increase in sales of OEM and trophy products and property development. The increase in profit for the year was attributable to the gain from disposal of lifts and elevator assets and contribution from property development division.

DIVIDEND

The Board of Directors is not recommending any payment of dividend for the financial year ended 31 December 2006.

REVIEW OF OPERATIONS

The Group is organized into the following divisions:

(i) Manufacturing and trading – consumable products

(ii) Property Development

MANUFACTURING AND TRADING - CONSUMABLE PRODUCTS

Manufacturing and trading of consumable products such as trophy components and OEM products, posted a higher turnover of RM23.2 million as compared to RM18.4 million last year.

The trophy division continues to achieve higher turnover as compared to last year. The emphasis into development of new designs in the past years has resulted into higher sales and better margin for the trophy division. The exports of trophy components to overseas market continued to show better performance especially the Middle East and USA. We have also continued to expand to new market such as South America and Europe. We are in discussion with an Italian company to sign a technical design collaboration agreement in which they will design the trophy parts and Emico will be making the mould as well as producing the parts for sale. This new design will be marketed to Europe and all our existing customers. We hope the new products will improve substantially the bottom-line of the trophy division in the Year 2008 onwards.

The manufacturing of OEM products of our Swedish's customer has shown a marked improvement in turnover by 60% as compared to last year with more products being assembled in Emico's factory as compared to last year. However, the bottom-line is quite thin for OEM products and the impact is further affected by stronger US Dollar against Ringgit. Our company enjoys a good relationship with the customer and we will benefit from their expertise in producing high end plastic products for the export market catering for the disabled and elderly people.

The plastic manufacturing plant in Vietnam continues to suffer a smaller loss this year although its sales have stabilised. Currently the Vietnam plant is running at 50% capacity and its businesses are still occupied by OEM products. However, recently they had secured more orders from the OEM manufacturer to produce plastic display units which will increase its turnover for the current year. We hope to achieve a breakeven level by end of the year and return to black by Year 2008.

Emico Asia which specializes in sourcing of products from Asia for its United Kingdom customer achieved a turnover of RM19 million as compared to RM21 million last year. The slightly lower turnover from trading division was mainly attributable to sourcing of very competive price products from China. We expect the turnover will continue to improve over the next few years and the trading division will continue to expand its business and be more resourceful in its supply.

PROPERTY DEVELOPMENT

The property development project in Sungai Petani, Kedah will continue to spearhead Emico's property development division. This division achieved a higher turnover of RM21.4 million as compared to RM14.1 million last year. The higher turnover was mainly due to completion of Phase 2 of Bandar Mutiara, Sungai Petani with the delivery of vacant possession to 385 units of terrace and semi-detached houses made during the year. Correspondingly the profit after taxation went up from RM0.5 million in 2005 to RM1.6 million for the current year.

Bandar Mutiara development project which are divided into 5 phases and with expected gross development value of RM237 million will be developed into a strategic township with 2,500 units of mixed development to cater mainly for the middle income households.

Phase 2 with 385 units and gross development value of RM40 million were completed with occupancy certificates issued in March 2007. Phase 3 with total 242 units continues to receive very good response from house buyers. The single storey residential houses with innovative design and offering of fully furnished concept managed to attract many house buyers to Bandar Mutiara.

We foresee that the property development division will continue to contribute positively towards the Group's results over the next few years with expected development in the following projects:-

(i) Joint venture development project with Perbandaran Kemajuan Tanah Adat Melaka (PERTAM) to develop Phase 3 of Project Ayer Tawau, Daerah Jasin, Melaka (216 units of single and double storey residential houses). This project was officially launched by YAB Menteri Besar of Melaka on 4 May 2007 and based on initial feedback the response to the houses should be very good.

(ii) Joint venture development project with Permodalan Kedah Berhad (PKB) to develop 36 acres of reclamation land in Kuah Town, Langkawi, and

(iii) the remaining land in Taman Batik, Sungai Petani (to be developed into 229 units of shop office and factory lots).

We have recently signed several Sale and Purchase Agreements to sell the following development land:-

(a) Sale and Purchase Agreement dated 06 March 2007 entered between Emico Development Sdn Bhd, a wholly-owned subsidiary of Emico and G & C Utama Sdn Bhd in respect of the disposal of 1,595,000 Emico Properties Sdn Bhd shares representing 79.75% equity interest in Emico Properties Sdn Bhd for a cash consideration of RM6,800,000 only.

(b) Sale and Purchase Agreement dated 08 March 2007 entered between Emico Penang Sdn Bhd, a wholly-owned subsidiary of Emico and Ika Marketing Sdn Bhd in respect of the disposal of 9 pieces of vacant land for a total consideration of RM700,000 only.

(c) Sale and Purchase Agreement dated 24 April 2007 entered between Emico Asia Sdn Bhd, a wholly-owned subsidiary of Emico Penang Sdn Bhd and Wai Lok Development Sdn Bhd in respect of the disposal of a piece of vacant land for a total consideration of RM1,100,000 only.

The proceeds from the abovementioned disposals will be used to partially redeem Loan Stocks (5 years 4% Redeemable Secured Loan Stocks) and its related coupon payment and ultimately reduce the gearing ratio of Emico Group.

PROSPECTS

The disposal of lifts and escalators division will enable Emico's management to concentrate its resources to building on its other 2 core businesses i.e Manufacturing and trading - consumable products division and Property Development.

(1) Manufacturing and trading - consumable products division

The trophy division will continue its expansion overseas especially in Middle East and Europe. Upon the completion of the technical design collaboration with an Italian company whereby they will design the trophy parts whilst Emico will make the mould and manufacture the products. These new design trophy parts will be distributed in Europe by the Italian company whilst Emico holds the right to distribute to other parts of the world. This project will enhance Emico's market expansion into Europe market as well as providing new designs for Emico's distribution. However, the full impact of the new project will only be felt in the Year 2008.

(2) Property development

The above-mentioned projects (Bandar Mutiara and other projects) should keep the property development division fully occupied over the next 4 to 5 years. For Bandar Mutiara, with the completion of Phase 2 & partial completion of Phase 3, we have to-date about RM20 million of completed units. For this year, the management will continue to market the existing units before we embark on further new phases.

CONCLUSION

The proceeds from the disposal of lifts and elevators assets of RM55 million have been used to partially redeem the Loan Stock of RM37 million and the balance for working capital and expenses related to the disposal. Therefore, Emico Group gearing ratio has reduced from 4.33 times in 2005 to 1.96 times as at 31 Dec 2006. The net asset per share also improved from RM0.41 last year to RM0.48 as at 31 Dec 2006. In line with the Debts Restructuring Agreement signed with the lenders, Emico will continue to dispose off certain non-productive assets to generate fund for redemption of Loan Stocks which will expire in May 2009. However, the proposed disposal of these assets will not affect the performance of Emico Group but would in fact enhance the cashflow position of the Group through lower coupon payment being made as a result of lower Loan Stocks balance.

With this, I wish to thank all bankers, suppliers, customers, business associates and most important of all the management and staff of Emico who has been very supportive to Emico during these difficult times. We are also grateful to all our shareholders of the Company and relevant authorities for their continued invaluable support and confidence in the Group.

Lim Beng Huan
Executive Chairman

FINANCIAL | STATEMENTS

The directors of **EMICO HOLDINGS BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2006.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiary companies are stated in Note 14 to the financial statements. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year except that the Group had ceased the manufacturing and maintenance services of lifts and escalators upon disposal of three subsidiary companies, namely Fuji Lift & Escalator Manufacturing Sdn. Bhd., Fuji Lift and Escalator Sdn. Bhd. and Fein Blanking Sdn. Bhd. during the year.

RESULTS OF OPERATIONS

	The Group RM	The Company RM
Profit / (Loss) after tax for the year	10,907,112	(4,663,786)
Attributable to:		
Equity holders of the Company	4,622,591	(4,663,786)
Minority interest	6,284,521	-
	10,907,112	(4,663,786)

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM51,194,711 to RM51,498,570 by way of issuance of 303,859 ordinary shares of RM1 each through the conversion of 3,287 units of Irredeemable Convertible Secured Loan Stocks.

The new ordinary shares rank pari passu with the then existing ordinary shares of the Company and were granted listing on August 14, 2006.

The Company has not issued any debentures during the financial year.

WARRANTS

On December 1, 2003, 11,130,000 detachable warrants were granted by the Company to the subscribers of the rights shares. The warrants may be exercised at any time after the issue date but not later than 5.00 p.m. on December 1, 2013. Each warrant entitles its registered holder, at any time during the exercise period of the warrants, to subscribe for one new ordinary share. The exercise price of each warrant is fixed at RM1 payable in cash for each new ordinary share of RM1 each in the Company. As of December 31, 2006, none of the 11,130,000 warrants were exercised to subscribe for new ordinary shares.

EMPLOYEES' SHARES OPTION SCHEME

In 2002, the Securities Commission had approved the Company's Employees' Share Option Scheme (the "Scheme") which was proposed in 2001. The shareholders of the Company had approved the scheme at the Extraordinary General Meeting held on September 16, 2002. The effective date of implementation was May 24, 2004 and the principal features of the Scheme are as follows :

(a) The total numbers of new ordinary shares of RM1 each to be offered under the Scheme shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the Scheme.

(b) An employee (including full time Executive Directors) of the Group shall be eligible to participate in the Scheme, if the employee :

   (i) is employed full-time and is on the payroll of the Group for at least a year; and

   (ii) has attained the age of eighteen years on the date of allocation.

(c) The Scheme shall be in force for a period of 5 years from May 24, 2004. The Company is entitled to terminate the Scheme prior to the expiry of the five years period provided that prior to the termination of the Scheme, the approval of the Securities Commission, the shareholders of the Company and all holders of the unexercised share options have been obtained.

(d) The price payable upon the exercise of the share options under the Scheme shall be the higher of either of the following :

   (i) a discount of not more than 10% from the five days weighted average market price of the underlying shares immediately preceding the date of offer; or

   (ii) the par value of the shares.

(e) The new ordinary share of RM1 each to be issued pursuant to the exercise of the share options under the Scheme shall, upon allotment and issue, rank pari passu in all respects with the then issued and fully paid-up ordinary shares of RM1 each of the Company except that they will not be entitled for any dividends, rights, allotments or other distributions, the entitlement date of which is prior to the date of allotment of the new shares.

As of December 31, 2006, the Company has not granted any share option to the Group's eligible employees.

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps :

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

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

(a) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, 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 operations of the Group and of the Company for the succeeding financial year.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year :

(a) the Group's disposal of the following subsidiary companies was completed on August 29, 2006:

(i) 100% equity interest in Fuji Lift & Escalator Manufacturing Sdn. Bhd. comprising 1,000,000 ordinary shares of RM1.00 each;

(ii) 100% equity interest in Fuji Lift & Escalator Sdn. Bhd. comprising 250,000 ordinary shares of RM1.00 each; and

(iii) 100% equity interest in Fein Blanking Sdn. Bhd. comprising 200,000 ordinary shares of RM1.00 each

In 2005, the Company and Northern Elevator Berhad ("NEB"), a 60% owned subsidiary company, entered into a conditional share purchase agreement with KONE Corporation, Lim Chong Hoe, Koay Teng Cheang and Lim Teck Chye for the disposal of these subsidiary companies for a total cash consideration of RM55 million comprising the settlement of intercompany loan of RM31,902,000, the consideration for the sale of ordinary shares of the abovementioned subsidiary companies and the consideration for the property, plant and equipment to be transferred by NEB to Fein Blanking Sdn. Bhd.;

(b) a direct subsidiary company, Emico Marketing Sdn. Bhd. entered into a sale and purchase agreement with a third party to disposed of its entire equity interest of 60% shares in Emico Marketing (Thailand) Ltd., Partnership which comprise 1,200,000 shares of THB1 each for a total cash consideration of RM107,000. Upon completion of the aforesaid disposal on December 31, 2006, Emico Marketing (Thailand) Ltd., Partnership ceased to be a subsidiary company of the Group;

(c) a direct subsidiary company, Northern Elevator Berhad has disposed of its entire equity interest of 30% shares in OKA Elevators and Escalators Sdn. Bhd. for a total cash consideration of RM71,726; and

(d) Emico Penang Sdn. Bhd. acquired the existing 1,095,000 ordinary shares of RM1 each, representing 49.8% of the issued and paid-up share capital of Emico Asia Sdn. Bhd. from the minority shareholder for a total purchase consideration of RM5,000. Upon completion of the aforesaid acquisition on September 26, 2006, Emico Asia Sdn. Bhd. becomes a wholly owned subsidiary company of the Company.

SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Significant events subsequent to the balance sheet date are disclosed in Note 38 to the financial statements.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report :

Lim Beng Huan
Loh Lay Choo
Nik Azalan Bin Nik A. Kadir
Lim Teik Hian
Wong Sew Yun
Jimmy Ong Chin Keng
Ng Chee Kong
Lim Teck Chye

DIRECTORS' INTEREST

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows :

	No. of ordinary shares of RM1 each			
Shares in the Company	Balance as of 1.1.2006	Bought	Sold	Balance as of 31.12.2006
Direct interest :				
Lim Beng Huan	583,630	-	-	583,630
Loh Lay Choo	458,000	-	-	458,000
Lim Teik Hian	52,000	-	-	52,000
Wong Sew Yun	895,859	-	-	895,859
Lim Teck Chye	420,000	-	(220,000)	200,000
Indirect interest :				
Lim Beng Huan	14,605,224	-	-	14,605,224
Loh Lay Choo	14,730,854	-	-	14,730,854
Lim Teik Hian	15,136,854	-	-	15,136,854
Wong Sew Yun	696,527	-	-	696,527
Lim Teck Chye	14,768,854	220,000	-	14,988,854

	No. of share warrants			
Warrants in the Company	Unexercised balance as of 1.1.2006	Bought	Sold	Unexercised balance as of 31.12.2006
Direct interest :				
Lim Beng Huan	145,907	-	-	145,907
Loh Lay Choo	114,500	-	-	114,500
Lim Teik Hian	13,000	-	-	13,000
Wong Sew Yun	263,488	-	-	263,488
Lim Teck Chye	425,750	-	-	425,750
Indirect interest :				
Lim Beng Huan	3,153,356	-	-	3,153,356
Loh Lay Choo	3,184,763	-	-	3,184,763
Lim Teik Hian	3,286,263	-	-	3,286,263
Lim Teck Chye	2,873,513	-	-	2,873,513

By virtue of their shareholdings in the Company, Mr. Lim Beng Huan, Madam Loh Lay Choo, Mr. Lim Teik Hian and Mr. Lim Teck Chye are also deemed to have beneficial interests in the shares of all the subsidiary companies of Emico Holdings Berhad to the extent that Emico Holdings Berhad has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration and benefits-in-kind in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions mentioned in Note 32 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby the directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

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

LIM BENG HUAN

LOH LAY CHOO

Penang,

April 23, 2007

REPORT OF THE AUDITORS

TO THE MEMBERS OF EMICO HOLDINGS BERHAD
(Incorporated in Malaysia)

We have audited the accompanying balance sheets as of December 31, 2006, and the related statements of income, changes in equity and cash flows, for the year then ended. 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 these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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

In our opinion :

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable MASB approved accounting standards in Malaysia so as to give a true and fair view of :

    (i) the state of affairs of the Group and of the Company as of December 31, 2006 and of their results and cash flows for the year ended on that date; and

    (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies 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 auditors' reports of the subsidiary companies, of which we have not acted as auditors, as indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(FORWARD)

We are satisfied that the financial statements of the subsidiary companies 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 explanation as required by us for these purposes.

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

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

TAN BOON HOE
1836/07/07(J)
Partner

Penang,

April 23, 2007

INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

		The Group		The Company	
	Note	**2006**	**2005**	**2006**	**2005**
		RM	**RM**	**RM**	**RM**
Continuing operations					
Revenue	5	64,289,125	53,897,610	160,000	240,000
Investment revenue		586,889	350,679	966,184	2,783,436
Gain on disposal of subsidiary company		14,292,729	-	-	-
Other gains and losses		(100,810)	1,473,459	26,999	2,205,131
Other income		223,169	236,290	-	-
Share of profits and losses of associated companies		(57,971)	15,304	-	-
Property development expenditure recognised		(18,138,247)	(13,043,000)	-	-
Changes in inventories of finished goods and work-inprogress		1,574,468	520,652	-	-
Purchase of finished goods		(6,848,180)	(5,398,939)	-	-
Raw materials and consumables used		(25,517,981)	(25,159,091)	-	-
Employee benefits expense	6	(4,853,214)	(4,437,315)	(223,298)	(233,353)
Depreciation and amortisation		(1,330,322)	(1,220,795)	-	(24)
Amortisation of goodwill on consolidation		-	(225,713)	-	-
Finance costs		(5,530,255)	(6,114,036)	(5,115,967)	(5,847,715)
Other expenses		(9,962,236)	(5,410,976)	(477,704)	(346,773)
Profit / (Loss) before tax		8,627,164	(4,515,871)	(4,663,786)	(1,199,298)
Income tax expense	7	(136,787)	(78,321)	-	-
Profit / (Loss) for the year from continuing operations		8,490,377	(4,594,192)	(4,663,786)	(1,199,298)
Discontinued operations					
Profit for the year from discontinued operations	8	2,416,735	1,294,060	-	-
Profit / (Loss) for the year	9	10,907,112	(3,300,132)	(4,663,786)	(1,199,298)

(FORWARD)

		The Group		The Company	
	Note	2006	2005	2006	2005
		RM	RM	RM	RM
Attributable to :					
Equity holders of the Company		4,622,591	(3,162,912)	(4,663,786)	(1,199,298)
Minority interest		6,284,521	(137,220)	-	-
		10,907,112	(3,300,132)	(4,663,786)	(1,199,298)
Earnings / (Loss) per ordinary share (sen) :					
Basic					
From continuing and discontinued operations	10	5.20	(3.24)		
From continuing operations	10	3.62	(4.09)		

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

BALANCE SHEETS

AS OF DECEMBER 31, 2006

		The Group		The Company	
	Note	2006	2005	2006	2005
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	11	14,496,825	24,576,523	-	1
Investment properties	12	3,902,817	6,798,855	2,800,000	2,800,000
Prepaid lease payments on leasehold land	13	1,206,513	4,389,342	-	-
Investment in subsidiary companies	14	-	-	18,592,636	17,258,378
Investment in associated companies	15	1,361,490	1,491,187	-	-
Other investments	16	-	223,875	-	-
Property development projects	17	26,986,173	22,103,070	-	-
Deferred tax assets	18	304,800	403,500	-	-
Goodwill	19	622,710	3,409,993	-	-
Total non-current assets		48,881,328	63,396,345	21,392,636	20,058,379
Current assets					
Property development projects	17	37,741,928	30,329,085	-	-
Inventories	20	6,403,078	14,334,326	-	-
Trade and other receivables	21	26,394,229	35,859,820	53,449,449	90,176,375
Current tax assets		29,663	341,678	-	-
Other assets	22	962,562	1,154,780	1,000	1,000
Deposits with licensed banks	23	9,602,351	6,671,178	5,306,641	1,001,000
Cash and bank balances	24	5,842,810	9,565,267	310,538	8,505
Total current assets		86,976,621	98,256,134	59,067,628	91,186,880
Total assets		135,857,949	161,652,479	80,460,264	111,245,259

(FORWARD)

		The Group		The Company	
	Note	2006	2005	2006	2005
		RM	RM	RM	RM
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	25	51,498,570	51,194,711	51,498,570	51,194,711
Irredeemable convertible secured loan stocks	26	37,011,393	35,147,476	37,011,393	35,147,476
Reserves	27	7,339,069	8,104,958	7,736,782	7,736,782
Accumulated losses		(70,901,666)	(73,650,067)	(76,576,482)	(69,664,194)
Equity attributable to equity holders of the Company		24,947,366	20,797,078	19,670,263	24,414,775
Minority interests		8,150,071	1,865,550	-	-
Total equity		33,097,437	22,662,628	19,670,263	24,414,775
Non-current liabilities					
Redeemable secured loan stocks	28	40,725,303	71,785,036	40,725,303	71,785,036
Irredeemable convertible secured loan stocks	26	4,031,986	5,554,817	4,031,986	5,554,817
Borrowings	29	531,347	248,136	-	-
Deferred tax liabilities	18	582,814	634,213	-	-
Total non-current liabilities		45,871,450	78,222,202	44,757,289	77,339,853
Current liabilities					
Trade and other payables	30	43,661,339	46,927,242	15,906,612	9,364,531
Progress billings		9,332,311	1,213,466	-	-
Borrowings	29	3,636,567	12,385,796	-	-
Current tax liabilities		258,845	241,145	126,100	126,100
Total current liabilities		56,889,062	60,767,649	16,032,712	9,490,631
Total liabilities		102,760,512	138,989,851	60,790,001	86,830,484
Total equity and liabilities		135,857,949	161,652,479	80,460,264	111,245,259

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2006

The Group

	Note	Share Capital	Irredeemable Convertible Secured Loan Stocks ("ICSLS")	Other Reserves *	Accumulated Losses	Attributable to Equity Holder of the Company	Minority Interest	Total
		RM	RM	RM	RM	RM	RM	RM
Balance as of January 1, 2005		50,920,000	33,376,260	8,142,145	(68,350,691)	24,087,714	2,002,770	26,090,484
Interest on ICSLS		-	-	-	(1,520,241)	(1,520,241)	-	(1,520,241)
Increase in ICSLS theoretical value	26	-	616,223	-	(616,223)	-	-	-
Exchange loss on translation of net investment in a foreign subsidiary company		-	-	(37,187)	-	(37,187)	-	(37,187)
Net income / expense recognised directly in equity		-	616,223	(37,187)	(2,136,464)	(1,557,428)	-	(1,557,428)
Loss for the year		-	-	-	(3,162,912)	(3,162,912)	(137,220)	(3,300,132)
Total recognised income and expense		-	616,223	(37,187)	(5,299,376)	(4,720,340)	(137,220)	(4,857,560)
Conversion of ICSLS into shares	26	274,711	(227,172)	-	-	47,539	-	47,539
Transfer from liability component of ICSLS	26	-	1,382,165	-	-	1,382,165	-	1,382,165
Balance as of December 31, 2005		51,194,711	35,147,476	8,104,958	(73,650,067)	20,797,078	1,865,550	22,662,628

(FORWARD)

The Group

	Note	Share Capital	Irredeemable Convertible Secured Loan Stocks ("ICSLS")	Other Reserves *	Accumulated Losses	Attributable to Equity Holder of the Company	Minority Interest	Total
		RM	RM	RM	RM	RM	RM	RM
Balance as of January 1, 2006		51,194,711	35,147,476	8,104,958	(73,650,067)	20,797,078	1,865,550	22,662,628
Effect of change in accounting policy	3	-	-	(374,312)	374,312	-	-	-
As restated		51,194,711	35,147,476	7,730,646	(73,275,755)	20,797,078	1,865,550	22,662,628
Interest on ICSLS		-	-	-	(1,603,557)	(1,603,557)	-	(1,603,557)
Increase in ICSLS theoretical value	26	-	644,945	-	(644,945)	-	-	-
Exchange loss on translation of net investment in a foreign subsidiary company		-	-	(391,577)	-	(391,577)	-	(391,577)
Net income or expense recognised directly in equity		-	644,945	(391,577)	(2,248,502)	(1,995,134)	-	(1,995,134)
Profit for the year		-	-	-	4,622,591	4,622,591	6,284,521	10,907,112
Total recognised income and expense		-	644,945	(391,577)	2,374,089	2,627,457	6,284,521	8,911,978
Conversion of ICSLS into shares	26	303,859	(262,390)	-	-	41,469	-	41,469
Transfer from liability component of ICSLS	26	-	1,481,362	-	-	1,481,362	-	1,481,362
Balance as of December 31, 2006		51,498,570	37,011,393	7,339,069	(70,901,666)	24,947,366	8,150,071	33,097,437

(FORWARD)

* An analysis of the movement of other reserves is shown below :

The Group	**Note**	**Share Premium**	**Reserve on Consolidation**	**Exchange Reserve**	**Total**
		RM	**RM**	**RM**	**RM**
Balance as of January 1, 2005		7,736,782	374,312	31,051	8,142,145
Net expense recognised directly in equity :					
Exchange loss on translation of net investment in a foreign subsidiary company		-	-	(37,187)	(37,187)
Balance as of December 31, 2005		7,736,782	374,312	(6,136)	8,104,958
Balance as of January 1, 2006		7,736,782	374,312	(6,136)	8,104,958
Effect of change in accounting policy	3	-	(374,312)	-	(374,312)
As restated		7,736,782	-	(6,136)	7,730,646
Net expense recognised directly in equity :					
Exchange loss on translation of net investment in a foreign subsidiary company		-	-	(391,577)	(391,577)
Balance as of December 31, 2006		7,736,782	-	(397,713)	7,339,069

(FORWARD)

The Company

	Note	Share Capital RM	Irredeemable Convertible Secured Loan Stocks ("ICSLS") RM	Share Premium RM	Accumulated Losses RM	Total RM
Balance as of January 1, 2005		50,920,000	33,376,260	7,736,782	(66,328,433)	25,704,609
Interest on ICSLS		-	-	-	(1,520,240)	(1,520,240)
Increase in ICSLS theoretical value	26	-	616,223	-	(616,223)	-
Net income / (expense) recognised directly in equity		-	616,223	-	(2,136,463)	(1,520,240)
Loss for the year		-	-	-	(1,199,298)	(1,199,298)
Total recognised income and expense		-	616,223	-	(3,335,761)	(2,719,538)
Conversion of ICSLS into shares	26	274,711	(227,172)	-	-	47,539
Transfer from liability component of ICSLS	26	-	1,382,165	-	-	1,382,165
Balance as of December 31, 2005		51,194,711	35,147,476	7,736,782	(69,664,194)	24,414,775
Balance as of January 1, 2006		51,194,711	35,147,476	7,736,782	(69,664,194)	24,414,775
Interest on ICSLS		-	-	-	(1,603,557)	(1,603,557)
Increase in ICSLS theoretical value	26	-	644,945	-	(644,945)	-
Net income / (expense) recognised directly in equity		-	644,945	-	(2,248,502)	(1,603,557)
Loss for the year		-	-	-	(4,663,786)	(4,663,786)
Total recognised income and expense		-	644,945	-	(6,912,288)	(6,267,343)
Conversion of ICSLS into shares	26	303,859	(262,390)	-	-	41,469
Transfer from liability component of ICSLS	26	-	1,481,362	-	-	1,481,362
Balance as of December 31, 2006		51,498,570	37,011,393	7,736,782	(76,576,482)	19,670,263

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

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit / (Loss) for the year	10,907,112	(3,300,132)	(4,663,786)	(1,199,298)
Adjustments for :				
Finance costs recognised in profit or loss	5,609,737	6,307,768	5,115,967	5,847,715
Allowance for doubtful debts	2,675,247	5,549,250	122,307	-
Depreciation and amortisation	1,686,132	1,747,959	-	24
Income tax expense recognised in profit or loss	693,787	(104,753)	-	-
Unrealised loss on foreign exchange	297,956	272,787	-	-
Property, plant and equipment written off	85,871	262,694	-	-
Share of profits and losses of associated companies	57,971	(15,304)	-	-
Bad debts written off	34,049	17,072	-	-
Allowance for slow moving inventories	10,406	-	-	-
Allowance for diminution in value of :				
Quoted investment in Malaysia	8,415	252,450	-	-
Unquoted investment in Malaysia	13,500	-	-	-
Gain on disposal of subsidiary companies	(14,292,729)	-	-	-
Allowance for doubtful debts no longer required	(483,541)	(176,430)	-	-
Interest income	(318,278)	(354,731)	(966,184)	(2,783,436)
Allowance for slow moving inventories no longer required	(127,944)	-	-	-
Net gain on disposal of property, plant and equipment	(117,687)	(2,189,214)	(26,999)	(99,999)
Deposits written off	-	583,586	-	-
Amortisation of goodwill on consolidation	-	225,713	-	-
Overprovision of other interest in prior years	-	(322,922)	-	(50,264)
Allowance for diminution in value of investment in subsidiary companies no longer required	-	-	-	(2,054,868)
	6,740,004	8,755,793	(418,695)	(340,126)

(FORWARD)

	Note	The Group 2006 RM	The Group 2005 RM	The Company 2006 RM	The Company 2005 RM
Movement in working capital :					
(Increase) / Decrease in :					
Property development projects		(12,295,946)	(6,279,447)	-	-
Inventories		(496,562)	(2,553,249)	-	-
Trade and other receivables		(6,487,313)	1,544,939	-	-
Other assets		192,218	(586,590)	-	-
Increase / (Decrease) in :					
Trade and other payables		41,854,249	11,424,407	(79,955)	(124,036)
Progress billings		8,118,845	(942,513)	-	-
Cash generated from / (used in) operations		37,625,495	11,363,340	(498,650)	(464,162)
Income tax paid		(241,862)	(529,729)	-	-
Net cash generated from / (used in) operating activities		37,383,633	10,833,611	(498,650)	(464,162)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of investment in subsidiary companies	14	9,268,360	-	-	-
Proceeds from disposal of leasehold land		1,508,610	-	-	-
Exchange translation adjustments		453,902	4,337	-	-
Proceeds from disposal of property, plant and equipment		314,611	4,047,291	27,000	100,000
Interest received		318,278	354,731	77,757	38,724
Proceeds from disposal of investment in an associated company		71,726	-	-	-
Net repayment of advances from associated companies		48,073	1,024,885	-	-
Purchase of property, plant and equipment *		(1,348,262)	(1,345,432)	-	-
Net (advances to) / repayment of advances from directors		(397,830)	54,000	-	-
Purchase of investment properties		-	(161,169)	-	-
Net repayment of advances from subsidiary companies		-	-	37,493,046	6,185,361
Purchase of shares in a subsidiary company		-	-	(1,334,258)	(978,260)
Net cash generated from investing activities		10,237,468	3,978,643	36,263,545	5,345,825

(FORWARD)

	Note	The Group 2006 RM	The Group 2005 RM	The Company 2006 RM	The Company 2005 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from term loans		1,358,923	-	-	-
Redemption of redeemable secured loan stocks		(33,055,207)	-	(33,055,207)	-
Decrease in bank borrowings		(9,023,226)	(4,358,323)	-	(839,568)
Interest paid		(6,147,628)	(8,641,322)	(5,653,858)	(6,155,918)
Repayment of long-term loans		(942,148)	(214,227)	-	-
Net (repayment of advances to) / advances from directors		(317,594)	818,850	(500,001)	669,480
Repayment of hire-purchase payables		(232,653)	(63,915)	-	-
Fixed deposit (held as) / released from security value / sinking fund		(142,670)	1,183,462	(705,641)	1,213,650
Net (repayment of advances to) / advances from an associated company		(63,591)	63,591	-	-
Net repayment of advances to subsidiary companies		-	-	8,051,845	(9,838)
Net cash used in financing activities		(48,565,794)	(11,211,884)	(31,862,862)	(5,122,194)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(944,693)	3,600,370	3,902,033	(240,531)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		14,063,900	10,463,530	8,505	249,036
CASH AND CASH EQUIVALENTS AT END OF YEAR	31	13,119,207	14,063,900	3,910,538	8,505

* During the year, the Group acquired property, plant and equipment with a cost of RM1,978,262 (2005 : RM1,345,432) of which RM630,000 (2005 : Nil) was financed by means of hire-purchase and the balance was cash payment.

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

1. GENERAL INFORMATION

The Company is principally involved in investment holding. The principal activities of the subsidiary companies are stated in Note 14. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year except that the Group had ceased the manufacturing and maintenance services of lifts and escalators upon disposal of three subsidiary companies, namely Fuji Lift & Escalator Manufacturing Sdn. Bhd., Fuji Lift and Escalator Sdn. Bhd. and Fein Blanking Sdn. Bhd. during the year.

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

The registered office of the Company is at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia. The principal place of business of the Company is at 18, Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang, Malaysia.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on April 23, 2007.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM") and have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies mentioned below.

The Group and the Company have adopted all the new and revised Financial Reporting Standards ("FRSs") and Issues Committee ("IC") Interpretations issued by MASB that are relevant to their operations and effective for annual periods beginning on or after January 1, 2006. The Group has also early adopted FRS 117 Leases which is effective for annual period beginning on or after October 1, 2006.

The following FRSs, amendments to FRS and IC Interpretations that were issued but are not yet effective and have not been early adopted by the Group and the Company are as follows :

(a) FRS 124 Related Party Disclosures (effective for annual periods beginning on or after October 1, 2006);
(b) FRS 139 Financial Instruments: Recognition and Measurement (effective date yet to be determined by MASB);

(c) Amendments to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net investment in a Foreign Operation (Effective for annual periods beginning on or after July 1, 2007);
(d) IC Interpretation 1 Changes in Existing Decommissiong, Restoration and Similar Liabilities (Effective for annual periods beginning on or after July 1, 2007); and
(e) IC Interpretation 8 Scope of FRS 2 (Effective annual periods beginning on or after July 1, 2007).

The impact of FRS 124 and FRS 139 on the financial statements upon their initial application is not disclosed by virtue of the exemption given by these FRSs. IC Interpretations 1 and 8 and amendments to FRS 121 are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

FRSs, amendments to FRSs and IC Interpretations that are not yet effective and not relevant to the Group and the Company's operations are as follows :

(a) FRS 6 Exploration for and Evaluation of Mineral Resources (effective for annual periods beginning on or after January 1, 2007);
(b) Amendment to FRS 119_{2004} Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures (effective for annual periods beginning on or after January 1, 2007);
(c) IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Effective for annual periods beginning on or after July 1, 2007);
(d) IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (Effective for annual periods beginning on or after July 1, 2007);
(e) IC Interpretation 6 Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment (Effective for annual periods beginning on or after July 1, 2007); and
(f) IC Interpretation 7 Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies (Effective for annual periods beginning on or after July 1, 2007).

Changes in accounting policies resulting from adoption of new and revised FRSs

The changes in accounting policies resulting from the adoption of the new and revised FRSs are as follows :

(a) FRS 3 Business Combinations and FRS 136 Impairment of Assets

Goodwill

Prior to January 1, 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 25 years and at each balance sheet date, the Group assessed if there was any indication of impairment of the cash-generating unit in which the goodwill is attached to. The adoption of FRS 3 and the revised FRS 136 has resulted in the Group ceasing annual goodwill amortisation. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

In accordance with the transitional provisions of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from January 1, 2006. The transitional provisions of FRS 3 also required the Group to eliminate the carrying amount of the accumulated amortisation at January 1, 2006 amounting to RM2,962,584 against the carrying amount of goodwill. The net carrying amount of goodwill as at January 1, 2006 of RM3,409,993 ceased to be amortised thereafter. The effect of this is a reduction in amortisation charge of RM39,554 for the year ended December 31, 2006.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods.

Negative goodwill

Prior to January 1, 2006, negative goodwill was taken directly to reserve on consolidation. Under FRS 3, any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisition, after reassessment, is now recognised immediately in the income statements. In accordance with the transitional provisions of FRS 3, the negative goodwill as of January 1, 2006 of RM374,312 was derecognised with a corresponding decrease in accumulated losses.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods. This change has no impact on the Group's and the Company's financial results for the year ended December 31, 2006.

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

Prior to January 1, 2006, the Group would have recognised a discontinued operation at the earlier of the date the Group enters into a binding sale agreement and the date the Board of Directors have approved and announced a formal disposal plan. FRS 5 requires a component of an entity to be classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or georgraphical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. The principal impact of this change in accounting policy is that a discontinued operation is recognised by the Group at a later point than it would be under the previous accounting policy due to the stricter criteria in FRS 5.

The Group has applied FRS 5 prospectively in accordance with the transitional provisions. However, as required by FRS 5, certain comparatives of the Group have been re-presented due to the current financial year's discontinued operation.

(c) FRS 117 Leases

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

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At January 1, 2006, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for restrospectively and certain comparatives have been restated where RM4,389,342 was reclassified from property, plant and equipment to prepaid lease payments on leasehold land.

(d) FRS 101 Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, minority interests were presented separately from liabilities and equity in the consolidated balance sheet. With the adoption of the revised FRS 101, minority interests are presented within equity in the consolidated balance sheet. In the consolidated income statement, profit or loss attributable to minority interests is presented as an allocation of profit or loss for the year. In the consolidated statement of changes in equity, total recognised income and expenses for the year is presented, showing separately the amounts attributable to equity holders of the Company and to minority interests.

(e) FRS 133 Earnings per Share

The adoption of FRS 133 requires ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are to be included in the calculation of basic earnings per share from the date the contract is entered into. The Company has issued RM40,000,000 nominal value of 4%, 5-year irredeemable convertible secured loan stocks ("ICSLS") on May 24, 2004, the conversion of which is mandatory upon the expiry of the tenure. The ordinary shares to be issued by way of conversion of the outstanding ICSLS are included in the calculation of basic earnings per share assuming that those conversions took place at the beginning of the financial period. The comparative basic earnings per share has been restated to take into account the effect of the changes in accounting policies.

(f) FRS 140 Investment Properties

The adoption of FRS 140 Investment Property has resulted in identification of additional assets of the Group and of the Company that meet the definition of investment properties. Previously, these investment properties were included in property, plant and equipment. Upon the adoption of FRS 140, these properties are now classified into a separate asset category on the balance sheets and stated at cost less accumulated depreciation.

The reclassification of land and building as investment properties has been accounted for retrospectively and certain comparatives have been restated where RM3,926,437 and RM2,800,000 were reclassified from property, plant and equipment of the Group and of the Company respectively to investment properties.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiary companies). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

All intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales of goods are recognised upon delivery of products and when the risks and rewards of ownership have passed and are net of sales tax, returns and discounts. Contract work is recognised by reference to the stage of completion of contract work performed. Revenue relating to property development activities are accounted for based on the percentage of completion method on development units that have been sold. The stage of completion is determined by the proportion of development costs incurred to date against the total estimate costs on projects where the outcome of the projects can be reliably estimated. Sales of developed properties are recognised upon signing of the individual sales and purchase agreements.

Revenue from services rendered are recognised upon completion of services rendered. Rental income is accrued on a time basis, by reference to the agreement entered and interest income is accrued on a time basis, using the effective interest method.

Other income are recognised on an accrual basis.

Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the 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.

(b) **Defined contribution plans**

As required by law, companies in Malaysia make contributions to the state pension scheme, the employees' provident fund. Such contributions are recognised as expenses in the income statements as incurred.

Borrowing costs

Interest cost incurred in connection with the acquisition of property, plant and equipment and on property development projects which require a period of time to get them ready for their intended use and for sale respectively are capitalised and included as part of the cost of the related assets. However, interest cost incurred for property development projects for which active development is interrupted are charged out to the income statements. All interest and other costs incurred in connection with borrowings are expensed as incurred.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have enacted or substantively enacted by the balance sheet date.

Foreign currencies

The financial statements of the Group and of the Company are presented in the currency of the primary economic environment in which the Group and the Company operate (their functional currencies). The financial statements are presented in RM, which is the Group's and the Company's functional and presentation currency.

In preparing the financial statements of the Group and of the Company, transactions in currencies other than the Group's and the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Leases

A lease is recognised as a finance lease if it transfers substantially to the Group and the Company 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.

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(a) The Group and the Company as lessee under finance leases

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 Group's and 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 income statements 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.

(b) The Group and the Company as lessee under operating leases

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 upfront 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 upfront payment represents prepaid lease payments and are amortised on a straight line basis over the lease term.

(c) **The Group and the Company as lessor under operating leases**

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. 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.

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Freehold land is not depreciated. All other property, plant and equipment are depreciated on the straight-line method in order to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates :

Buildings	2% - 10%
Plant and machinery	10%, 16.67% & 20%
Moulds	10% - 20%
Motor vehicles	10% - 20%
Office equipment, furniture and fittings	8% - 33.33%
Tools, implements and equipment	10% & 20%
Electrical installation and renovation	10% & 20%

The Group carried some of its land and buildings at revalued amounts and placed reliance on the transitional provisions of International Accounting Standards No. 16 (Revised) as adopted by the Malaysian Accounting Standards Board which provides exemption from the need to make regular revaluations for such assets. Effective from 1994, no further revaluations were carried out. The aggregate carrying amount of such assets as of December 31, 2006 amounted to RM5,119,747 (2005 : RM5,246,847) and this amount will be amortised or depreciated over the remaining useful lives of the relevant assets.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of revalued assets, the amounts in revaluation reserve account relating to such assets are transferred to retained profit account.

Impairment of assets

At each balance sheet date, the Group and the Company review the carrying amounts of assets (other than inventories, deferred tax assets and financial assets which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired.

If any such indication exists, the asset's recoverable amount, which is higher of net selling price and value in use, is estimated.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statements, unless the asset is carried at revalued amount, in which case, the impairment loss is treated as a revaluation decrease.

An impairment loss in respect of goodwill is not reversed unless the loss is caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of the event. In respect of other assets, an impairment loss is reversed if there have been a change in the estimate used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in the income statements unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

Investment properties

Investment properties, comprising principally freehold and leasehold properties, are held for long-term to earn rentals and/ or for capital appreciation or both, and are not occupied by the Company. Investment properties are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statements on the straight-line basis over the estimated useful life of 60 and 96 years for leasehold properties.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both.

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 income statements in the year in which they arise.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Negative goodwill on consolidation is recognised in the income statements at the date of acquisition.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Investments in subsidiaries

Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investment in subsidiaries which are eliminated on consolidation, are stated at cost less allowance for diminution in value of investment in the Company's financial statements.

Investments in associates

Investment in associates is accounted for in the consolidated financial statements using the equity method of accounting. An associate is defined as a company, not being a subsidiary, in which the Group has a long term interest of not less than 20% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's share of net after tax results of associates is included in the consolidated income statements.

The result and reserves of the associates are taken from the latest available audited or management accounts. The group's investment in associates is carried in the balance sheets at an amount that reflects its share of the net assets of these associates.

Other investments

Other investments in quoted and unquoted shares are stated at cost less allowance for diminution in value of investments to recognise any decline, other than a temporary decline, in the value of the investments.

Property development projects

Property development revenue are recognised for all units sold using the percentage of completion method, by reference to the stage of completion of the property development projects at the balance sheet date as measured by the proportion that development costs incurred for work performed to-date bear to the estimated total property development costs on completion.

When the outcome of a property development activity cannot be estimated reliably, property development revenue is recognised to the extent of property development costs incurred that is probable of recovery.

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

Accrued billings represent the excess of property development revenue recognised in the income statements over the billings to purchasers while, progress billings represent the excess of billings to purchasers over property development revenue recognised in the income statements.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are determined either on the first-in, first-out, weighted average or specific identification basis, depending on the nature of the inventories. Costs of finished goods and work-in-progress consist of cost of raw materials, direct labour and a proportion of factory overheads while the cost of raw materials consist of the purchase price plus the cost of bringing the inventories to their present location.

Cost of developed properties consists of the cost of land, construction and appropriate development overheads. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Receivables

Receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Borrowings

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

Payables

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

Share capital

Ordinary shares are classified as equity. 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances (including the balances in Housing Development Account), demand deposits which are not pledged, bank overdrafts and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial instruments

Financial instruments carried on the balance sheets include cash and bank balances, short-term deposits, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

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 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 and the Company have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Contingent liabilities

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote except for cases where the amount involved is material, and the directors are of the opinion that disclosure is appropriate.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are 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.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be 3 to 50 years. The carrying amounts of the Group's property, plant and equipment as of December 31, 2006 were RM14,496,825 (2005 : RM24,576,523). Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment. Therefore the future depreciation charge could be revised.

Property development

The Group recognises property development revenue and costs in the income statement by using the stage of completion method. The stage of completion is measured by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs on completion.

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

5. REVENUE

An analysis of revenue is as follows :

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Sales of goods	42,500,509	38,878,359	-	-
Revenue from property development activities	21,441,304	14,110,413	-	-
Chroming services rendered	347,312	908,838	-	-
Management services rendered	-	-	160,000	240,000
	64,289,125	53,897,610	160,000	240,000

6. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Contributions to employees' provident fund	457,982	976,668	10,800	12,000
Other employee benefits expenses	10,033,481	11,686,989	212,498	221,353
	10,491,463	12,663,657	223,298	233,353
Attributable to :				
Continuing operations	4,853,214	4,437,315	223,298	233,353
Discontinued operations	5,638,249	8,226,342	-	-
	10,491,463	12,663,657	223,298	233,353

Employee benefits expense include directors' remuneration, salaries, bonuses, contributions to employees' provident fund and all other staff related expenses.

7. INCOME TAX EXPENSE

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Current tax :				
Current year	(230,800)	(116,300)	-	-
Over / (Under)provision in prior years	10,764	(11,446)	-	-
Deferred tax (Note 18) :				
Relating to origination and reversal of temporary differences :				
Current	(485,700)	360,550	-	-
Underprovision in prior years	-	(140,000)	-	-
Crystallisation of deferred tax liability on revaluation surplus	11,949	11,949	-	-
Tax (expense) / income	(693,787)	104,753	-	-
Attributable to :				
Continuing operations	(136,787)	(78,321)	-	-
Discontinued operations	(557,000)	183,074	-	-
	(693,787)	104,753	-	-

A numerical reconciliation of income tax at the applicable income tax rate to income tax at the effective income tax rate is as follows :

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Profit / (Loss) from continuing operations	8,627,164	(4,515,871)	(4,663,786)	(1,199,298)
Profit from discontinued operations	2,973,735	1,110,986	-	-
Profit / (Loss) from operations	11,600,899	(3,404,885)	(4,663,786)	(1,199,298)
Tax at the applicable income tax rates of 20% and 28% (2005 : 20% and 28%)	3,149,240	(1,036,000)	(1,306,000)	(336,000)
Tax effects of :				
Expenses that are not deductible in determining taxable profit	2,911,311	1,201,801	1,229,000	450,000
Income that are not taxable in determining taxable profit	(4,652,000)	(744,000)	(7,000)	(617,000)
Effect of different tax rates of other tax jurisdiction	-	(46,000)	-	-
Net deferred tax asset not recognised	143,000	503,000	84,000	503,000
Utilisation of deferred tax assets not previously recognised	(847,000)	(135,000)	-	-
	704,551	(256,199)	-	-
(Over) / Underprovision in prior years	(10,764)	151,446	-	-
Tax (expense) / income	693,787	(104,753)	-	-

The corporate income tax rate of small and medium scale companies with paid-up capital of RM2.5 million and below are subject to income tax at the rate of 20% on chargeable income of up to RM500,000. For chargeable income in excess of RM500,000 the corporate income tax rate is at 28%.

The applicable tax rate of 20% and 28% (2005 : 20% and 28%) used in the numerical reconciliation of tax of the Group and of the Company is determined based on the statutory income tax rate prevailing for the Company and its subsidiary companies.

As of December 31, 2006, the approximate amount of unused tax losses and unused tax capital allowances of the Group and of the Company for which no deferred tax assets are recognised in the financial statements and, which are available for set off against future taxable income are as follows :

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Unused tax losses	33,584,300	43,241,000	4,019,000	3,745,000
Unused tax capital allowances	1,701,500	1,136,000	-	-

The unused tax losses and unused tax capital allowances are subject to agreement by the tax authorities.

8. DISCONTINUED OPERATIONS

In 2005, the Company and Northern Elevator Berhad ("NEB"), a 60% owned subsidiary company, entered into a conditional share purchase agreement with KONE Corporation, Lim Chong Hoe, Koay Teng Cheang and Lim Teck Chye for the disposal of the following subsidiary companies :

(i) 100% equity interest in Fuji Lift & Escalator Manufacturing Sdn. Bhd. comprising 1,000,000 ordinary shares of RM1.00 each;

(ii) 100% equity interest in Fuji Lift & Escalator Sdn. Bhd. comprising 250,000 ordinary shares of RM1.00 each; and

(iii) 100% equity interest in Fein Blanking Sdn. Bhd. comprising 200,000 ordinary shares of RM1.00 each

for a total cash consideration of RM55 million comprising the settlement of intercompany loan of RM31,902,000, the consideration for the sale of ordinary shares of the abovementioned subsidiary companies and the consideration for the property, plant and equipment to be transferred by NEB to Fein Blanking Sdn. Bhd.. The three subsidiary companies are principally involved in the manufacturing and maintenance services of lifts and escalators. The disposal of these subsidiary companies was completed on August 29, 2006.

Profit for the year from discontinued operations

	The Group	
	2006	2005
	RM	RM
Revenue	29,379,011	40,499,480
Other gains	1,031,074	1,610,643
Expenses	(27,436,350)	(40,999,137)
Profit before tax from discontinued operations	2,973,735	1,110,986
Tax (expense) / income	(557,000)	183,074
Profit for the year from discontinued operations	2,416,735	1,294,060

Cash flows from discontinued operations

	The Group	
	2006	2005
	RM	RM
Net cash flows from operating activities	6,850,492	1,236,428
Net cash flows from investing activities	(1,098)	(522,133)
Net cash flows from financing activities	(6,217,078)	968,319
Net cash flows	632,316	1,682,614

9. PROFIT / (LOSS) FOR THE YEAR

Profit / (Loss) for the year is arrived at :

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
After charging :				
Interest expenses on :				
Loan stocks	5,115,779	5,847,715	5,115,779	5,847,715
Bank borrowings	240,009	94,877	-	-
Term loans	176,431	15,999	-	-
Hire purchase payables	34,589	20,122	-	-
Others	42,929	329,055	188	-
Allowance for doubtful debts	2,675,247	5,549,250	122,308	-
Depreciation and amortisation	1,686,132	1,747,959	-	24
Directors' remuneration :				
Fees :				
Directors of the Company	160,000	160,000	80,000	80,000
Directors of subsidiary companies	40,000	45,000	-	-
Employees' provident fund contributions :				
Directors of the Company	10,800	26,640	10,800	10,800
Directors of subsidiary companies	39,732	72,720	-	-
Other emoluments :				
Directors of the Company	973,724	1,033,505	105,798	116,053
Directors of subsidiary companies	102,213	626,099	-	-

(FORWARD)

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Rental of :				
Premises	395,439	428,179	-	-
Equipment	38,349	18,399	-	-
Property, plant and equipment	32,517	-	-	-
Loss on foreign exchange :				
Unrealised	297,956	272,787	-	-
Realised	139,534	23,320	-	-
Audit fee :				
Current year	99,440	98,896	18,000	18,000
Under / (Over)provision in prior year	2,600	(200)	-	4,000
Property, plant and equipment written off	85,871	262,694	-	-
Bad debts written off	34,049	17,072	-	-
Allowance for diminution in value of :				
Quoted investment in Malaysia	8,415	252,450	-	-
Unquoted investment in Malaysia	13,500	-	-	-
Allowance for slow moving inventories	10,406	-	-	-
Deposits written off	-	583,586	-	-

And crediting :

Rental income on premises	653,600	779,838	-	-
Allowance for doubtful debts no longer required	483,541	176,430	-	-
Interest income	318,278	354,731	966,184	2,783,436
Allowance for slow moving inventories no longer required	127,944	-	-	-
Net gain on disposal of property, plant and equipment	117,687	2,189,214	26,999	99,999
Overprovision of other interest in prior years	-	322,922	-	50,264
Realised gain on foreign exchange	-	15,083	-	-
Allowance for diminution in value of investment in subsidiary companies no longer required	-	-	-	2,054,868

10. EARNINGS / (LOSS) PER ORDINARY SHARE

	The Group	
	2006	2005
	RM	RM
Profit / (Loss) for the year attributable to equity holders of the Company	4,622,591	(3,162,912)
Add : Assumed saving in interest expense charged to income statements on conversion of irredeemable convertible secured loan stocks	159,979	201,154
	4,782,570	(2,961,758)
Earnings / (Loss) used in the calculation of total basic earnings / (loss) per share	4,782,570	(2,961,758)
Profit for the year from discontinued operations used in the calculation of basic earnings / (loss) per share from discontinued operations	(1,450,041)	(776,436)
Earnings / (Loss) used in the calculation of basic earnings / (loss) per share from continuing operations	3,332,529	(3,738,194)
	The Group	
	2006	**2005**
	Units	**Units**
Number of ordinary shares in issue as of January 1	51,194,711	50,920,000
Effect of conversion of ICSLS	40,646,395	40,318,622
Effect of share issue	127,371	146,763
Weighted average number of ordinary shares in issue	91,968,477	91,385,385
Basic earnings / (loss) per ordinary share (sen)		
From continuing operations	3.62	(4.09)
From discontinued operations	1.58	0.85
Total basic earnings / (loss) per ordinary share	5.20	(3.24)

The diluted loss per ordinary share was not shown in 2006 and 2005 as the effect of the assumed conversions of warrants to ordinary shares would be anti-dilutive.

11. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost unless stated otherwise	Beginning of year	Additions	Disposals	Disposal of subsidiary companies	Currency translation differences	End of year
	RM	RM	RM	RM	RM	RM
2006 :						
Freehold land						
- at 1994 valuation	500,000	-	-	-	-	500,000
- at cost	820,089	-	-	(414,020)	-	406,069
Buildings						
- at 1994 valuation	6,355,000	-	-	-	-	6,355,000
- at cost	11,744,169	-	(521,390)	(9,327,325)	(68,201)	1,827,253
Plant and machinery	16,049,681	576,650	(1,745,840)	(1,906,351)	(607,781)	12,366,359
Moulds	6,905,629	218,750	-	-	-	7,124,379
Motor vehicles	1,853,830	810,820	(420,455)	(35,818)	(42,288)	2,166,089
Office equipment, furniture and fittings	4,309,493	284,937	(237,864)	(1,904,253)	16,533	2,468,846
Tools, implements and equipment	754,313	-	(633,670)	(118,602)	-	2,041
Electrical installation and renovation	593,801	87,105	-	(655,590)	-	25,316
	49,886,005	1,978,262	(3,559,219)	(14,361,959)	(701,737)	33,241,352

(FORWARD)

Cost unless stated otherwise	Beginning of year	Additions	Disposals	Reclassification	Currency translation differences	End of year
	RM	RM	RM	RM	RM	RM
2005 :						
Freehold land						
- at 1994 valuation	500,000	-	-	-	-	500,000
- at cost	2,661,188	-	(1,841,099)	-	-	820,089
Buildings						
- at 1994 valuation	6,355,000	-	-	-	-	6,355,000
- at cost	11,589,959	158,286	-	-	(4,076)	11,744,169
Plant and machinery	16,503,742	110,988	(530,635)	-	(34,414)	16,049,681
Moulds	7,326,550	438,737	(749,046)	(110,612)	-	6,905,629
Motor vehicles	2,632,228	3,300	(779,135)	-	(2,563)	1,853,830
Office equipment, furniture and fittings	4,345,940	187,148	(327,460)	110,612	(6,747)	4,309,493
Tools, implements and equipment	745,344	11,923	(2,954)	-	-	754,313
Electrical installation and renovation	177,324	435,050	(18,573)	-	-	593,801
	52,837,275	1,345,432	(4,248,902)	-	(47,800)	49,886,005

(FORWARD)

Accumulated depreciation	Beginning of year	Charge for the year	Disposals	Disposal of subsidiaries	Currency translation differences	End of year
	RM	RM	RM	RM	RM	RM
2006 :						
Buildings						
- at 1994 valuation	1,608,153	127,100	-	-	-	1,735,253
- at cost	2,209,527	247,986	(120,422)	(1,785,301)	(17,439)	534,351
Plant and machinery	10,536,769	332,269	(1,745,838)	(1,583,063)	(83,695)	7,456,442
Moulds	5,874,563	296,295	-	-	-	6,170,858
Motor vehicles	1,133,139	289,329	(377,068)	(11,940)	(14,710)	1,018,750
Office equipment, furniture and fittings	3,130,035	291,523	(179,617)	(1,459,600)	28,050	1,810,391
Tools, implements and equipment	746,383	408	(633,663)	(112,116)	-	1,012
Electrical installation and renovation	70,913	6,099	-	(59,542)	-	17,470
	25,309,482	1,591,009	(3,056,608)	(5,011,562)	(87,794)	18,744,527

Accumulated depreciation	Beginning of year	Charge for the year	Disposals	Reclassification	Currency translation differences	End of year
	RM	RM	RM	RM	RM	RM
2005 :						
Buildings						
- at 1994 valuation	1,481,053	127,100	-	-	-	1,608,153
- at cost	1,888,523	322,334	-	-	(1,330)	2,209,527
Plant and machinery	10,925,014	457,063	(836,924)	-	(8,384)	10,536,769
Moulds	5,986,273	176,315	(237,008)	(51,017)	-	5,874,563
Motor vehicles	1,724,693	184,214	(774,756)	-	(1,012)	1,133,139
Office equipment, furniture and fittings	2,993,575	351,142	(270,149)	51,017	4,450	3,130,035
Tools, implements and equipment	741,131	7,054	(1,802)	-	-	746,383
Electrical installation and renovation	72,179	6,226	(7,492)	-	-	70,913
	25,812,441	1,631,448	(2,128,131)	-	(6,276)	25,309,482

The Company

Cost	Beginning of year	Addition	Disposal	End of year
	RM	RM	RM	RM
2006 :				
Motor vehicles	169,801	-	(169,801)	-
Office equipment, furniture and fittings	10,450	-	-	10,450
	180,251	-	(169,801)	10,450
2005 :				
Motor vehicles	552,792	-	(382,991)	169,801
Office equipment, furniture and fittings	10,450	-	-	10,450
	563,242	-	(382,991)	180,251

Accumulated depreciation	Beginning of year	Charge for the year	Disposal	End of year
	RM	RM	RM	RM
2006 :				
Motor vehicles	169,800	-	(169,800)	-
Office equipment, furniture and fittings	10,450	-	-	10,450
	180,250	-	(169,800)	10,450
2005 :				
Motor vehicles	552,790	-	(382,990)	169,800
Office equipment, furniture and fittings	10,426	24	-	10,450
	563,216	24	(382,990)	180,250

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Net Book Value :				
Freehold land				
- at 1994 valuation	500,000	500,000	-	-
- at cost	406,069	820,089	-	-
Buildings				
- at 1994 valuation	4,619,747	4,746,847	-	-
- at cost	1,292,902	9,534,642	-	-
Plant and machinery	4,909,917	5,512,912	-	-
Moulds	953,521	1,031,066	-	-
Motor vehicles	1,147,339	720,691	-	1
Office equipment, furniture and fittings	658,455	1,179,458	-	-
Tools, implements and equipment	1,029	7,930	-	-
Electrical installation and renovation	7,846	522,888	-	-
	14,496,825	24,576,523	-	1

As of December 31, 2006, certain property, plant and equipment of the Group with total carrying values of RM5,868,988 (2005 : RM1,116,496) are pledged to local banks as securities for credit facilities as mentioned in Note 29.

As of December 31, 2006, certain property, plant and equipment of the Group with total carrying value of RM6,187,283 (2005 : RM17,426,832) are pledged as securities for the redeemable secured loan stocks and irredeemable convertible secured loan stocks issued by the Company.

The freehold land and buildings of the subsidiary companies were revalued by the directors in 1994 based on valuation exercises carried out by independent professional valuers on the open market value basis.

As of December 31, 2006, the property, plant and equipment of the Group with a net carrying amount of RM784,612 (2005 : RM254,088) are acquired under hire-purchase arrangements of which instalments are still outstanding.

As of December 31, 2006, certain motor vehicles of the Group with a total carrying value of RM692,803 (2005 : RM113,548) are registered in the names of directors and a third party who hold them in trust for a subsidiary company.

The historical costs of the freehold land and buildings which were revalued are as follows :

	The Group	
	2006	2005
	RM	RM
Cost :		
Freehold land	440,000	440,000
Buildings	4,754,340	4,754,340
	5,194,340	5,194,340
Accumulated depreciation :		
Buildings	(1,449,057)	(1,353,970)
	(1,449,057)	(1,353,970)
Carrying amount	3,745,283	3,840,370

12. INVESTMENT PROPERTIES

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
At cost				
At beginning of year	7,402,310	7,402,310	2,800,000	2,800,000
Disposal of subsidiary companies	(3,096,310)	-	-	-
At end of year	4,306,000	7,402,310	2,800,000	2,800,000
Accumulated depreciation				
At beginning of year	(379,563)	(355,943)	-	-
Depreciation during the year	(23,620)	(23,620)	-	-
At end of year	(403,183)	(379,563)	-	-
Impairment loss				
At beginning of year	(223,892)	(223,892)	-	-
Disposal of subsidiary companies	223,892	-	-	-
At end of year	-	(223,892)	-	-
Net	3,902,817	6,798,855	2,800,000	2,800,000
Fair value	6,350,000	*	3,000,000	3,000,000

* The directors are not able to determine the fair value of these properties.

The fair value is based on directors' estimation by reference to market evidence of transaction prices for similar properties and recent experience in the location and category of the properties being valued.

The investment properties as of December 31, 2006 are as follows :

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Freehold land	2,800,000	2,800,000	2,800,000	2,800,000
Buildings	1,102,817	3,998,855	-	-
	3,902,817	6,798,855	2,800,000	2,800,000

The buildings which are leased out under operating leases amounted to RM1,102,817.

The title deed of a parcel of freehold land of the Company with a carrying value of RM2,800,000 is registered in the name of a subsidiary company.

The rental income earned by the Group from its investment properties during the financial year amounted to RM536,100 (2005 : RM659,838).

As of December 31, 2006, certain investment properties with a carrying value of RM858,525 is pledged as security for the credit facilities mentioned in Note 29.

As of December 31, 2006, certain investment properties of the Group and of the Company with total carrying value of RM3,658,525 (2005 : RM3,682,145) and RM2,800,000 (2005 : RM2,800,000) respectively are pledged as securities for the redeemable secured loan stocks and irredeemable convertible secured loan stocks issued by the Company.

13. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	The Group	
	2006	2005
	RM	RM
At beginning of year	4,389,342	4,482,233
Amortisation during the year	(71,503)	(92,891)
Disposal during the year	(1,508,610)	-
Disposal of subsidiary companies	(1,602,716)	-
At end of year	1,206,513	4,389,342

As of December 31, 2006, the unexpired lease periods of the short leasehold land are 39 to 41 years.

As of December 31, 2006, the short leasehold land with a carrying value of RM1,206,513 (2005 : RM1,235,240) is pledged as security for the credit facilities mentioned in Note 29 and the redeemable secured loan stocks and irredeemable convertible secured loan stocks issued by the Company.

14. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2006 RM	The Company 2005 RM
Unquoted shares, at cost	40,458,930	39,124,672
Less : Allowance for diminution in value	(21,866,294)	(21,866,294)
	18,592,636	17,258,378

The Company held interests in the following subsidiary companies :

Direct Holdings	Place / Country of Incorporation / Establishment and Operation	Effective Percentage of Ownership 2006	Effective Percentage of Ownership 2005	Principal Activities
Emico Penang Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of original equipment manufacturer (OEM) products, awards, trophy components medallions, souvenir, gift items, furniture products and general trading
Emico Tools Sdn. Bhd.	Malaysia	100%	100%	Inactive
Emico Capital Sdn. Bhd.*	Malaysia	100%	100%	Inactive
Emico Marketing Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and marketing of awards, trophy components, souvenir items and general trading
Emico Development Sdn. Bhd.	Malaysia	100%	100%	Investment holding and property development
Emico Newk Sdn. Bhd.*	Malaysia	100%	100%	Inactive
Emico (Vietnam) Co. Ltd.*	Vietnam	100%	100%	Manufacturing of plastic products from plastic particles, plastic and metal souvenirs and household utensils
Mercu Tanah Langkawi Sdn. Bhd.*	Malaysia	71%	71%	Property development
Northern Elevator Berhad*	Malaysia	60%	60%	Investment holding company, provision of management services and rental of equipment
Emico Creative Design Sdn. Bhd.*	Malaysia	100%	100%	Dormant

(FORWARD)

Direct Holdings	Place / Country of Incorporation / Establishment and Operation	Effective Percentage of Ownership 2006	2005	Principal Activities
Emico Marketing (Thailand) Limited, Partnership*	Thailand	-	60%	Trading of plastic consumable products
Emico Development (Langkawi) Sdn. Bhd.	Malaysia	100%	100%	Inactive
Emico Metalizing Sdn. Bhd.	Malaysia	100%	100%	Offering chroming services
Emico Properties Sdn. Bhd.	Malaysia	79.8%	79.8%	Property development
Fuji Lift & Escalator Manufacturing Sdn. Bhd.*	Malaysia	-	60%	Manufacturing, installing and maintaining lifts and escalators
Fuji Lift and Escalator Sdn. Bhd.*	Malaysia	-	60%	Supplying, installing, maintaining and trading in escalators, elevators and conveyors
Pacific Elevator Sdn. Bhd.*	Malaysia	60%	60%	Dormant
Fein Blanking Sdn. Bhd.*	Malaysia	-	60%	Property holdings and rentals
Standard Trend Apparel Industries Sdn. Bhd.	Malaysia	53.3%	53.3%	Inactive
Emico Asia Sdn. Bhd.*	Malaysia	100%	50.2%	Trading of houseware and furniture
Operasi Tembaga Sdn. Bhd.*	Malaysia	49.7%	49.7%	Investment holding
PKB-Operasi Tembaga Sdn. Bhd.*	Malaysia	39.8%	39.8%	Investment holding and contractor in property development
Fuji Lift Components Manufacturing Sdn. Bhd.*	Malaysia	60%	60%	Dormant

* The financial statements of these subsidiary companies are examined by other firms of auditors.

As of December 31, 2006, all the shares held by the Company in Northern Elevator Berhad and Mercu Tanah Langkawi Sdn. Bhd. are pledged as securities for the redeemable secured loan stocks and irredeemable convertible secured loan stocks.

During the financial year, the Group disposed of the following subsidiary companies :

		Completion Date of Disposal
a.	Fuji Lift & Escalator Manufacturing Sdn. Bhd.	August 29, 2006
b.	Fuji Lift and Escalator Sdn. Bhd.	August 29, 2006
c.	Fein Blanking Sdn. Bhd.	August 29, 2006
d.	Emico Marketing (Thailand) Limited, Partnership	December 30, 2006

The effect of the disposal on he financial position of the Group as of the date of disposal is as follows :

	Unaudited As of date of disposal RM
Net assets disposed as of date of disposal :	
Property, plant and equipment	9,350,397
Investment properties	2,872,418
Prepaid lease payments on leasehold land	1,602,716
Other investments	201,960
Deferred tax assets	63,000
Inventories	8,545,348
Trade and other receivables	13,078,815
Current tax assets	352,541
Deposits with licensed banks	3,580,098
Cash and bank balances	8,224,380
Deferred tax liabilities	(489,450)
Trade and other payables	(43,809,159)
Borrowings	(267,653)
Current tax liabilities	(1,000)
Net assets disposed	3,304,411
Unamortised goodwill on consolidation	2,787,283
Transfer from foreign exchange reserve	(11,720)
Waiver of debts	760,135
	6,840,109
Total disposal proceeds	(21,132,838)
Gain on disposal to the Group	(14,292,729)
Disposal proceeds settled by :	
Cash	21,072,838
Deferred payment	60,000
	21,132,838
Cash inflow arising on disposals :	
Cash consideration	21,072,838
Cash and cash equivalents of subsidiary companies disposed	(11,804,478)
Cash flow on disposal, net of cash disposed	9,268,360

15. INVESTMENT IN ASSOCIATED COMPANIES

	The Group	
	2006 RM	2005 RM
Unquoted shares - at cost	2,882,474	3,037,472
Group's share in results of associated companies	(1,520,984)	(1,546,285)
	1,361,490	1,491,187

The Group's interest in the associated companies is analysed as follows :

	The Group 2006 RM	The Group 2005 RM
Share of net tangible assets	1,355,692	1,485,389
Premium on acquisition	5,798	5,798
	1,361,490	1,491,187

The associated companies, all incorporated in Malaysia, unless stated otherwise, are as follows :

	Effective Percentage of Ownership 2006	Effective Percentage of Ownership 2005	Principal Activities
Panashiba Industries (M) Sdn. Bhd.*	50%	50%	Investment holding
PT Panashiba Industries Indonesia*@	24.5%	24.5%	Inactive
Quanzhou Fuji-Sino Elevators Co. Ltd.*#	20.9%	20.9%	Manufacturing, installing and maintaining lifts and escalators
Asian Elevator (M) Sdn. Bhd.*	24%	24%	Dormant
Jiangnan Escalator (M) Sdn. Bhd.*	18%	18%	Dormant
OKA Elevators and Escalators Sdn. Bhd.*	-	18%	Dormant

* The financial statements of these associated companies are examined by other firms of auditors.

@ PT Panashiba Industries Indonesia is formed as a joint venture company on April 1, 1997 in Indonesia. The results of the operations of this associated company have not been equity accounted for in the consolidated financial statements as it had ceased operations and has not recommenced operations.

\# Quanzhou Fuji-Sino Elevators Co. Ltd. is incorporated in The People's Republic of China.

On June 30, 2006, the Group transferred its entire investment in an associated company, OKA Elevators and Escalators Sdn. Bhd. to Mr. Hai Ah Tong, a director of the associated company.

The summarised unaudited financial information of an associate, Quanzhou Fuji-Sino Elevators Co. Ltd. is as follows :

	The Group 2006 RM	The Group 2005 RM
Total assets	16,471,592	15,614,763
Total liabilities	10,944,164	9,675,128
Revenue	7,727,076	6,041,375
(Loss) / Profit for the year	(166,392)	91,076

The summarised financial information of other associated companies and the cumulative and current year's unrecognised share of losses in excess of the carrying amount of the investment in these associates were not disclosed as the Group's share of losses in these associates have been recognized to the extent of the carrying amount of the investments.

16. OTHER INVESTMENTS

	The Group 2006 RM	The Group 2005 RM
Quoted shares in Malaysia - at cost	-	1,349,293
Less : Allowance for diminution in value	-	(1,138,918)
	-	210,375
Unquoted shares in Malaysia - at cost	57,500	57,500
Less : Allowance for diminution in value	(57,500)	(44,000)
	-	13,500
	-	223,875
Market value of quoted shares	-	210,375

The investment in quoted shares in Malaysia arose from settlement of trade debt by a debtor of a subsidiary company.

17. PROPERTY DEVELOPMENT PROJECTS

	The Group 2006 Non-current Assets RM	2006 Current Assets RM	2005 Non-current Assets RM	2005 Current Assets RM
At beginning of year :				
Freehold land	11,663,738	9,219,268	15,342,745	5,540,261
Development costs	10,439,332	55,515,812	8,903,198	38,587,504
	22,103,070	64,735,080	24,245,943	44,127,765
Cost incurred / (reversed) during the year :				
Freehold land	-	-	-	-
Development costs	4,977,078	27,040,763	2,941,977	16,380,470
Reversal upon closure of project	-	(37,687,890)	-	-
	4,977,078	(10,647,127)	2,941,977	16,380,470
Costs recognised in income statements :				
At beginning of year	-	(35,264,000)	-	(22,221,000)
Recognised during the year	-	(18,097,550)	-	(13,043,000)
Reversal upon closure of projects	-	36,921,550	-	-
At end of year	-	(16,440,000)	-	(35,264,000)
Transfer (to current assets) / from non-current assets of property development costs :				
Freehold land	(74,241)	74,241	(3,679,007)	3,679,007
Development costs	(19,734)	19,734	(1,405,843)	1,405,843
	(93,975)	93,975	(5,084,850)	5,084,850
At end of year	26,986,173	37,741,928	22,103,070	30,329,085

The property development costs at end of year are analysed as follows :

	The Group			
	2006		2005	
	Non-current Assets	Current Assets	Non-current Assets	Current Assets
	RM	RM	RM	RM
Freehold land, at cost	11,589,497	7,583,910	11,663,738	9,219,268
Development costs	15,396,676	30,158,018	10,439,332	21,109,817
	26,986,173	37,741,928	22,103,070	30,329,085

Included in property development costs incurred during the financial year are the following charges :

	The Group	
	2006	2005
	RM	RM
Employee benefits expense :		
Employees' provident fund contributions	62,568	49,140
Other employee benefits expense	753,504	684,769
Rental of :		
Equipment	2,040	2,040
Motor vehicle	600	-
Overprovision of interest on borrowings in prior years	-	(431,606)

The freehold land of certain subsidiary companies with a total carrying value of RM16,655,980 (2005 : RM15,475,393) are pledged as security for the redeemable secured loan stocks and irredeemable convertible secured loan stocks issued by the Company.

18. DEFERRED TAX ASSETS / (LIABILITIES)

	The Group	
	2006	2005
	RM	RM
Deferred tax assets	304,800	403,500
Deferred tax liabilities	(582,814)	(634,213)
	(278,014)	(230,713)

The movement of deferred tax assets is as follows :

	The Group	
	2006	2005
	RM	RM
At beginning of year	403,500	549,500
Transfer from / (to) income statements (Note 7) :		
Relating to origination and reversal of temporary differences :		
Current year	(35,700)	(61,000)
Overprovision in prior years	-	(85,000)
Disposal of subsidiary companies	(63,000)	-
At end of year	304,800	403,500

The deferred tax assets are in respect of the following :

	The Group	
	2006	2005
	RM	RM
Tax effect of unused tax losses	304,800	367,800
Tax effect of temporary difference arising from property, plant and equipment	-	35,700
	304,800	403,500

As mentioned in Note 3, the tax effects of temporary differences which give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. As of December 31, 2006, the amount of deferred tax assets, calculated at the applicable tax rate, which is not recognised in the financial statements, is as follows :

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Tax effects of :				
Temporary differences arising from :				
Property, plant and equipment	(222,000)	(376,000)	-	-
Allowance for inventory obsolescence	34,000	36,000	-	-
Allowance for doubtful debts	583,000	422,000	-	-
Others	8,000	13,000	-	-
Unused tax losses	8,422,000	11,672,000	1,045,000	1,049,000
Unused tax capital allowances	463,000	306,000	-	-
	9,288,000	12,073,000	1,045,000	1,049,000

The movement of deferred tax liabilities is as follows :

	The Group	
	2006	**2005**
	RM	**RM**
At beginning of year	634,213	1,012,712
Transfer from / (to) income statements (Note 7) :		
Crystallisation of deferred tax liability on revaluation surplus	(11,949)	(11,949)
Relating to the origination of and reversal of temporary differences :		
Current year	450,000	(421,550)
Underprovision in prior years	-	55,000
Disposal of subsidiary companies	(489,450)	-
At end of year	582,814	634,213

The deferred tax liabilities are in respect of the following :

	The Group	
	2006	**2005**
	RM	**RM**
Tax effects of :		
Temporary difference arising from :		
Property, plant and equipment	100,000	547,450
Others	-	(28,000)
Unused tax losses	(7,000)	(387,000)
Revaluation surplus of revalued properties	489,814	501,763
	582,814	634,213

A deferred tax income of RM11,949 (2005 : RM11,949) was recognised by the Group by a transfer from the deferred tax liability of the Group to the income statements. This relates to the difference between the actual depreciation on the revalued properties and equivalent depreciation based on the cost of the properties of the Group.

19. GOODWILL

	The Group	
	2006	**2005**
	RM	**RM**
At beginning of year	3,409,993	3,635,706
Goodwill in subsidiaries disposed of	(2,787,283)	-
Amortisation during the year	-	(225,713)
	622,710	3,409,993

20. INVENTORIES

	The Group	
	2006	2005
	RM	RM
At cost :		
Raw materials	1,318,527	8,013,030
Work-in-progress	973,190	4,123,740
Finished goods	3,850,557	2,592,111
Developed properties	766,340	-
Trading goods	-	139,872
Goods-in-transit	-	113,632
	6,908,614	14,982,385
Less : Allowance for slow moving inventories	(505,536)	(648,059)
	6,403,078	14,334,326

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Trade receivables	24,872,423	49,827,756	-	-
Less : Allowance for doubtful debts	(8,136,949)	(20,897,014)	-	-
	16,735,474	28,930,742	-	-
Amount owing by subsidiary companies	-	-	87,551,303	124,155,922
Less : Allowance for doubtful debts	-	-	(34,101,854)	(33,979,547)
	-	-	53,449,449	90,176,375
Amount owing by associated companies	4,249,896	4,169,473	-	-
Less : Allowance for doubtful debts	(4,249,896)	(4,121,400)	-	-
	-	48,073	-	-
Amount owing by directors	613,000	215,170	-	-
Other receivables	10,643,865	8,834,780	-	-
Less : Allowance for doubtful debts	(1,598,110)	(2,168,945)	-	-
	9,045,755	6,665,835	-	-
	26,394,229	35,859,820	53,449,449	90,176,375

The currency exposure profile of trade and other receivables is as follows :

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Ringgit Malaysia	17,900,948	24,508,887	53,449,449	90,176,375
United States Dollar	8,473,320	10,694,217	-	-
Singapore Dollar	19,961	15,511	-	-
Vietnam Dong	-	340,670	-	-
Thai Baht	-	300,535	-	-
	26,394,229	35,859,820	53,449,449	90,176,375

Trade receivables comprise amounts receivable for the sale of goods, sale of properties and from chroming and maintenance services rendered.

The credit period granted on sale of goods and services rendered ranges from 30 to 150 days (2005 : 30 to 150 days) while the credit period for purchasers of properties is 14 to 30 days (2005 : 14 to 30 days).

The amounts owing by subsidiary companies are as follows :

	The Company	
	2006	2005
	RM	RM
Emico Penang Sdn. Bhd.	37,331,344	36,352,409
Emico Development Sdn. Bhd.	34,115,081	31,472,465
Emico Newk Sdn. Bhd.	5,139,228	5,134,074
Emico Tools Sdn. Bhd.	4,273,145	4,271,845
Emico Marketing Sdn. Bhd.	3,733,304	3,180,106
Standard Trend Apparel Industries Sdn. Bhd.	1,252,022	1,199,862
Emico Asia Sdn. Bhd.	922,360	1,000,000
Emico Creative Design Sdn. Bhd.	437,459	430,971
Emico Metalizing Sdn. Bhd.	347,360	93,774
Fuji Lift & Escalator Manufacturing Sdn. Bhd.	-	31,273,306
Northern Elevator Berhad	-	9,747,110
	87,551,303	124,155,922

Amount owing by subsidiary companies arose mainly from transfer of bank borrowings from subsidiary companies pursuant to the debt restructuring scheme of the Group implemented in 2004 and unsecured advances which are interest free and have no fixed term of repayment.

The amounts owing by associated companies are as follows :

	The Group	
	2006	2005
	RM	RM
Panashiba Industries (M) Sdn. Bhd.	4,122,289	4,121,424
Jiangnan Escalator (M) Sdn. Bhd.	127,607	48,049
	4,249,896	4,169,473

The amount owing by associated companies arose mainly from advances which are unsecured, interest free and with no fixed term of repayment.

The amount owing by directors are as follows :

	The Group	
	2006	2005
	RM	RM
Directors of the Company :		
Lim Teck Chye	100,000	-
Jimmy Ong Chin Keng	50,000	-
Director of subsidiary companies :		
Lim Chong Hoe	279,000	215,170
Koay Teng Cheang	100,000	-
Tan Chin Peng	84,000	-
	613,000	215,170

The above amounts represent housing and car loans given to the directors which are unsecured and interest free.

Other receivables comprise mainly stakeholders' retention sum, representing monies paid by purchasers which are held by solicitors and would be released to the Group upon expiry of defective period and payments in advance for trade purchases.

22. OTHER ASSETS

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Refundable deposits	511,943	799,314	1,000	1,000
Prepaid expenses	450,619	355,466	-	-
	962,562	1,154,780	1,000	1,000

23. DEPOSITS WITH LICENSED BANKS

Fixed deposits of the Group and of the Company which have been pledged are as follows :

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Sinking Fund Account for the repayment of RSLS and 4% coupon rate of ICSLS and RSLS	1,706,641	1,001,000	1,706,641	1,001,000
Pledged as security for banking facilities granted to a subsidiary company	545,710	1,108,681	-	-
	2,252,351	2,109,681	1,706,641	1,001,000

The effective annual interest rates of deposits with licensed banks of the Group and of the Company range from 2.40% to 3.70% (2005 : 2.50% to 3.7%) and 2.4% to 3% (2005 : 2.5%) per annum respectively. The fixed deposits will mature from January 2007 to October 2007.

24. CASH AND BANK BALANCES

Included in cash and bank balances of the Group is an amount of RM1,090,530 (2005 : RM776,842) representing bank balances under Housing Development Accounts opened and maintained by a subsidiary company in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. These accounts which consist of monies received from purchasers are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to the subsidiary company upon the completion of the property development projects and after all property development expenditure has been fully settled.

The currency exposure profile of cash and bank balances is as follows :

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
United States Dollar	3,414,259	722,881	-	-
Ringgit Malaysia	2,424,679	8,720,673	310,538	8,505
Vietnam Dong	2,547	86,627	-	-
Hong Kong Dollar	1,079	3,417	-	-
Renminbi	246	-	-	-
Thai Baht	-	30,944	-	-
Singapore Dollar	-	693	-	-
Peso	-	32	-	-
	5,842,810	9,565,267	310,538	8,505

25. SHARE CAPITAL

	The Company			
	2006		2005	
	No. of shares	RM	No. of shares	RM
Authorised :				
Ordinary shares of RM1 each	150,000,000	150,000,000	150,000,000	150,000,000
Issued and fully paid :				
Ordinary shares of RM1 each				
At beginning of year	51,194,711	51,194,711	50,920,000	50,920,000
Increased during the year	303,859	303,859	274,711	274,711
At end of year	51,498,570	51,498,570	51,194,711	51,194,711

During the financial year, the Company increased its issued and paid up share capital from RM51,194,711 to RM51,498,570 by way of issuance of 303,859 ordinary shares of RM1 each through the conversion of 3,287 units of Irredeemable Convertible Secured Loan Stocks.

The new ordinary shares rank pari passu with the then existing ordinary shares of the Company and were granted listing on August 14, 2006.

On December 1, 2003, 11,130,000 detachable warrants were granted by the Company to the subscribers of the rights shares. The warrants may be exercised at any time after the issue date but not later than 5.00 p.m. on December 1, 2013. Each warrant entitles its registered holder, at any time during the exercise period of the warrants, to subscribe for one new ordinary share. The exercise price of each warrant is fixed at RM1 payable in cash for each new ordinary share of RM1 each in the Company. As of December 31, 2006, none of the 11,130,000 warrants were exercised to subscribe for new ordinary shares.

26. IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ICSLS")

On May 24, 2004, the Company issued 451,537 units of 4% 5-year ICSLS at nominal value of RM100 per 4% ICSLS at an issue price of RM88.59 to its Scheme Lenders pursuant to the Debt Restructuring Scheme implemented.

The principal terms of the ICSLS are as follows :

i) Conversion rights - each holder of the ICSLS shall have the right to convert the ICSLS into fully paid-up new ordinary shares of RM1 each in the Company based on the conversion ratio at any time during the conversion period of five years commencing from the date of issue;

ii) Conversion ratio - one new ordinary share of RM1 in the Company issued as fully paid-up for every theoretical value of ICSLS at the conversion price of RM1;

iii) The theoretical value of the 4% ICSLS at the following anniversary date of the issue of the 4% ICSLS are tabulated below :

Anniversary Date	Nominal Value per 4% ICSLS	Theoretical Value per 4% ICSLS
	RM	RM
First	100.00	89.90
Second	100.00	91.30
Third	100.00	92.77
Fourth	100.00	94.34
Fifth	100.00	100.00

iv) The ICSLS bears a fixed coupon rate of 4% per annum and is payable annually in arrears; and

v) The new ordinary shares to be allotted and issued upon conversion of the ICSLS will rank pari passu in all aspects with the existing ordinary shares of the Company except that they will not rank for any dividends, rights, allotment or other distributions, declared, made or paid prior to the allotment of the shares.

The ICSLS and the redeemable secured loan stocks mentioned in Note 28 are secured by certain property, plant and equipment of the subsidiary companies, certain development properties of the subsidiary companies and all the shares held by the Company in Northern Elevator Berhad and Mercu Tanah Langkawi Sdn. Bhd..

The ICSLS have been presented as a compound instrument which comprises both an equity and a liability component. As of December 31, 2006, the carrying amount of each component is as follows :

	The Group and The Company	
	2006	2005
	RM	RM
ICSLS (Equity Component)		
At beginning of year	35,147,476	33,376,260
Converted into ordinary shares during the year	(262,390)	(227,172)
Transfer from liability component to equity component due to reduction in interest obligation	1,481,362	1,382,165
Increase in ICSLS theoretical value	644,945	616,223
At end of year	37,011,393	35,147,476
ICSLS (Liability Component)		
At beginning of year	5,554,817	6,984,521
Converted into ordinary shares during the year	(41,469)	(47,539)
Transfer from liability component to equity component due to reduction in interest obligation	(1,481,362)	(1,382,165)
At end of year	4,031,986	5,554,817
Total	41,043,379	40,702,293

27. RESERVES

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Non-distributable as cash dividends :				
Share premium	7,736,782	7,736,782	7,736,782	7,736,782
Reserve on consolidation	-	374,312	-	-
Exchange reserve	(397,713)	(6,136)	-	-
	7,339,069	8,104,958	7,736,782	7,736,782

Share premium of the Group and of the Company arose from allotments of ordinary shares at premium.

Exchange reserve of the Group is used to record exchange differences arising on translation of the financial statements of foreign operations as described in the accounting policies.

28. REDEEMABLE SECURED LOAN STOCKS ("RSLS")

On May 24, 2004, the Company issued 840,001 units of 4% 5-year RSLS at nominal value of RM100 per 4% RSLS at an issue price of RM81.31 to its Scheme Lenders pursuant to the Debt Restructuring Scheme implemented.

The principal terms of the RSLS are as follows :

(i) Convertibility - the RSLS would be fully redeemed and not convertible into new shares of the Company;

(ii) The RSLS bear a fixed coupon rate of 4% per annum and is payable annually in arrears; and

(iii) The RSLS may be redeemable in part or in full at the option of the Company from the date of issuance. Any RSLS not redeemed within one year from the date of issuance will be redeemed by the Company pro-rated among the holders of the RSLS as follows :

Anniversary Date	Nominal Value	Redemption Value	Redemption Price
	RM	RM	RM per 4% RSLS
First	-	-	83.81
Second	13,870,000	12,000,000	86.52
Third	22,362,000	20,000,000	89.44
Fourth	21,600,000	20,000,000	92.59
Fifth	26,168,000	26,168,000	100.00
	84,000,000	78,168,000	

The securities on the RSLS are disclosed in Note 26.

The movements of the RSLS during the year are as follows :

	The Group and The Company	
	2006	2005
	RM	RM
At beginning of year	71,785,036	69,576,705
Redemption during the year	(33,055,207)	-
Increase in RSLS redemption price	1,995,474	2,208,331
At end of year	40,725,303	71,785,036

29. BORROWINGS

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Secured :				
Bank borrowings :				
Trust receipts and bankers' acceptances	857,579	9,498,458	-	-
Term loans	794,854	378,079	-	-
Hire-purchase payables	661,878	264,531	-	-
Bank overdrafts	73,603	62,864	-	-
Other borrowings	1,780,000	2,430,000	-	-
	4,167,914	12,633,932	-	-
Less : Current portion	(3,636,567)	(12,385,796)	-	-
Non-current portion	531,347	248,136	-	-

The currency exposure profile of borrowings is as follows :

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Ringgit Malaysia	3,373,060	11,674,296	-	-
Vietnam Dong	794,854	959,636	-	-
	4,167,914	12,633,932	-	-

The secured bank borrowings of the Group are secured over a pledged of short-term deposit, charges over certain or entire assets of the subsidiary companies and are further guaranteed by the Company.

The Group's bank overdrafts and trust receipts bear interests at rates ranging from 2% (2005 : 2% to 2.5%) per annum above the lending banks' base lending rates. The Group's bankers' acceptances bore interest at rates ranging from 1% to 2% per annum above the lending banks' cost of funds. The Group's other borrowings represents a restructured loan to be settled by way of fixed instalments with no further interest charge.

The term loans bear interests at rates ranging from 2.0% to 2.5% (2005 : 2.0% to 2.5%) per annum above the lending banks' base lending rates.

The effective interest rates per annum as of December 31, 2006 for the Group and the Company are as follows :

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Bank overdrafts	8.75	8.00	*	*
Trust receipts and bankers' acceptances	8.75	4.00 - 9.00	*	*
Hire-purchase payables	6.36 - 10.70	6.36 - 10.70	*	*
Term loans	10.08 - 11.52	7.75 - 9.00	*	*

* Not applicable

The hire-purchase payables are as follows :

	The Group	
	2006	2005
	RM	RM
Total outstanding	742,356	304,041
Less : Interest-in-suspense outstanding	(80,478)	(39,510)
Principal outstanding	661,878	264,531
Less : Current portion	(162,032)	(67,274)
Non-current portion	499,846	197,257

The non-current portion of hire-purchase payables is repayable as follows :

	The Group	
	2006	2005
	RM	RM
Later than 1 year and not later than 2 years	160,305	55,965
Later than 2 years and not later than 5 years	339,541	133,729
Later than 5 years	-	7,563
	499,846	197,257

The terms for the above hire-purchases range from 5 to 7 years. The hire-purchase payables are secured by the financial institutions' charge over the assets under hire-purchase.

The term loans are as follows :

	The Group	
	2006	2005
	RM	RM
Secured :		
Amount outstanding	794,854	378,079
Less : Current portion	(763,353)	(327,200)
Non-current portion	31,501	50,879

The non-current portion of the term loans is repayable in 2007.

30. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Trade payables	15,177,284	16,770,677	-	-
Amount owing to subsidiary companies	-	-	12,039,967	3,988,122
Amount owing to an associated company	-	63,591	-	-
Amount owing to directors	1,504,735	1,822,329	172,879	672,880
Other payables	15,237,764	17,405,083	1,072,883	1,175,435
Accrued expenses	5,154,931	8,325,837	2,620,883	3,528,094
Accrued development expenditure	6,586,625	2,539,725	-	-
	43,661,339	46,927,242	15,906,612	9,364,531

The currency exposure profile of trade and other payables is as follows :

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Ringgit Malaysia	39,807,426	43,936,381	15,520,513	8,978,432
United States Dollar	3,581,970	2,058,811	386,099	386,099
Singapore Dollar	136,936	137,279	-	-
Hong Kong Dollar	114,341	114,342	-	-
Japanese Yen	20,666	-	-	-
Vietnam Dong	-	631,573	-	-
Thai Baht	-	39,210	-	-
Swedish Krona	-	9,646	-	-
	43,661,339	46,927,242	15,906,612	9,364,531

Trade payables comprise amounts outstanding for trade purchases and construction related costs. The credit period granted to the Group ranges from 30 to 150 days (2005 : 30 to 150 days).

The amount owing to subsidiary companies are as follows :

	The Company	
	2006	2005
	RM	RM
Northern Elevator Berhad	8,055,818	-
Emico Capital Sdn. Bhd.	2,784,194	2,786,498
Emico Properties Sdn. Bhd.	692,764	692,764
Emico Development (Langkawi) Sdn. Bhd.	507,191	508,860
	12,039,967	3,988,122

Amount owing to subsidiary companies arose mainly from unsecured advances which are interest free and have no fixed term of repayment.

The amount owing to an associated company, OKA Elevators and Escalators Sdn. Bhd. arose mainly from advances which were unsecured, interest free and with no fixed term of repayment.

The amount owing to directors are as follows :

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Directors of the Company :				
Loh Lay Choo	1,079,517	913,980	-	-
Lim Beng Huan	247,197	673,429	172,879	672,880
Lim Teik Hian	20,842	88,206	-	-
Directors of subsidiary companies :				
Chan Hwa Chong	152,910	142,445	-	-
Lim Poh Hoon	4,269	4,269	-	-
	1,504,735	1,822,329	172,879	672,880

The amount owing to directors arose mainly from unsecured advances which are interest free and have no fixed term of repayment.

Other payables comprise mainly amount outstanding from ongoing costs.

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following :

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Cash and bank balances	5,842,810	9,565,267	310,538	8,505
Deposits with licensed banks	9,602,351	6,671,178	5,306,641	1,001,000
Bank overdrafts (Note 29)	(73,603)	(62,864)	-	-
	15,371,558	16,173,581	5,617,179	1,009,505
Less :				
Deposits held as security value	(2,252,351)	(2,109,681)	(1,706,641)	(1,001,000)
	13,119,207	14,063,900	3,910,538	8,505

32. RELATED PARTY BALANCES AND TRANSACTIONS

Included in the following accounts of the Group as of December 31, 2006 are amounts owing by / to the following related parties :

	The Group	
	2006	2005
	RM	RM
Trade receivables :		
Century Plas Industries Sdn. Bhd. [b]	1,165,909	244,575
Dotcal Inc. [a]	410,345	1,680,762
U-Can Marketing Sdn. Bhd. [c]	741	21,694
Amount owing by Lim Teik Hian, director of the Company	-	35,718
Trade payables :		
Century Plas Industries Sdn. Bhd. [b]	1,172,410	770,296
PH Tools Industries Sdn. Bhd. [e]	67,332	67,332
U-Can Marketing Sdn. Bhd. [c]	-	51,600
Other payables :		
Emico Garment Industries Sdn. Bhd. [f]	195,888	195,888
Yonda Electronic Co. (M) Sdn. Bhd. [g]	153,253	153,253
Esteem Mould Engineering Sdn. Bhd. [d]	7,096	7,096
Emico Garment (KK) Sdn. Bhd. [h]	6,000	6,000

(a) A company in which a shareholder of that company, Mr. Tan Chin Hin is a person connected to certain directors of the Company, Mr. Lim Beng Huan, Madam Loh Lay Choo and Mr. Lim Teik Hian.

(b) A company in which a director of that company, Madam Chan Lay Li is the spouse of Mr. Lim Teik Hian who is a director of the Company.

(c) A company in which a substantial shareholder of that company, Madam Chan Lay Li is a person connected to certain directors of the Company, Mr. Lim Beng Huan, Madam Loh Lay Choo and Mr. Lim Teik Hian.

(d) A company in which a substantial shareholder of that company, Mr. Lim Teck Chye is a person connected to certain directors of the Company, Mr. Lim Beng Huan, Madam Loh Lay Choo and Mr. Lim Teik Hian.

(e) A company in which a director of that company, Mr. Henry Ong Chin Teong is the brother of Mr. Jimmy Ong Chin Keng who is a director of the Company.

(f) A company in which the shareholders of that company, Mr. Lim Beng Huan and Madam Loh Lay Choo are directors of the Company.

(g) A company in which the substantial shareholders of that company, Mr. Lim Beng Huan and Madam Loh Lay Choo are directors of the Company.

(h) A company in which the directors of that company, Mr. Lim Beng Huan and Madam Loh Lay Choo are directors of the Company.

The above amounts under other payables arose mainly from rental payable and unsecured advances which are interest free and with no fixed repayment term.

Significant transactions between the Group and the Company with related parties during the year were as follows :

	The Group		**The Company**	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
With subsidiary companies :				
Interest receivable :				
Fuji Lift & Escalator				
Manufacturing Sdn. Bhd.	-	-	628,694	2,007,165
Northern Elevator Berhad	-	-	259,733	737,547
Management fee received				
and receivable :				
Northern Elevator Berhad	-	-	160,000	240,000

(FORWARD)

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
With other related parties :				
Sales of finished goods :				
Century Plas Industries Sdn. Bhd.	2,904,265	248,523	-	-
U-Can Marketing Sdn. Bhd.	1,894	3,481	-	-
Purchases :				
Century Plas Industries Sdn. Bhd.	4,928,958	2,262,463	-	-
U-Can Marketing Sdn. Bhd.	-	51,600	-	-
Rental of premises received :				
Century Plas Industries Sdn. Bhd.	120,000	120,000	-	-
Rental paid and payable :				
Mr. Tan Chin Peng, a director of a subsidiary company	24,000	21,630	-	-

The directors are of the opinion that the above transactions were entered into in the normal course of business and have been established under normal commercial terms that are no less favourable than those arranged with independent third parties.

33. DIRECTORS' BENEFITS-IN-KIND

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Estimated cash value of benefits-in-kind provided to directors	8,400	27,967	-	9,783

34. CONTINGENT LIABILITIES - UNSECURED

As of December 31, 2006, the Company is contingently liable to the extent of about RM13,030,000 (2005 : RM22,084,000) in respect of corporate guarantees given to local banks and creditors for credit facilities granted to its subsidiary companies.

A subsidiary company is the defendant in a lawsuit brought by a landlord of a premise on a claim amounting to RM254,547 together with interest alleging that the subsidiary company had breached the terms of the tenancy agreement. The subsidiary company is contesting this claim and has filed its defence. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

35. OPERATING LEASE ARRANGEMENTS

The Group has entered into operating lease agreements to lease out certain of their investment properties for lease terms of 3 years.

The future minimum lease payments receivable under operating leases contracted for as of the balance sheet date but not recognised as receivables, are as follows :

	The Group	
	2006	2005
	RM	RM
Not later than 1 year	85,000	204,000
Later than 1 year but not later than 5 years	-	85,000
	85,000	289,000

The Group has entered into an operating lease agreement for the use of land and premises for a lease term of 44 years.

The future aggregate minimum lease payments under operating leases contracted for as of the balance sheet date but not recognised as liabilities are as follows :

	The Group	
	2006	2005
	RM	RM
Not later than 1 year	358,970	450,000
Later than 1 year but not later than 5 years	444,879	575,000
Later than 5 years	3,834,961	2,966,000
	4,638,810	3,991,000

36. FINANCIAL INSTRUMENTS

a. Financial risk management objectives and policies

The operation of the Group is subject to a variety of financial risks, including interest rate risk, credit risk, foreign currency risk and liquidity and cash flow risks. The overall financial risk management policy of the Group is to minimise the effects of such risks on its financial performance. Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

The Group is exposed to the following financial risks :

i. Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's bank borrowings, hire-purchase payables, term loans and deposits with licensed banks. The Group does not use derivative financial instruments to hedge its risk.

ii. Credit risk

The Group is exposed to credit risk mainly from trade and other receivables. These receivables are continually monitored to ensure that issues arising from non-collectibility are minimised. There were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

iii. Foreign currency risk

The Group has exposure to foreign currency risk as a result of transactions with its foreign subsidiary companies, and receivables and payables in foreign currencies arising from normal operating activities. The Group does not speculate in foreign currencies.

iv. Liquidity risk

The Group actively manages its debts maturity profiles, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. In addition, the Group strive to maintain available bank credit facilities of a reasonable level to its overall debts position. As far as possible, the Group raises committed fund from banks and prudently balance its portfolio with some short-term funding so as to achieve overall cost effectiveness.

v. Cash flow risk

The Group reviews their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

b. Fair values

i. Other investments

The fair value of investment in quoted shares are represented by its market value as disclosed in Note 16. It is not practical to estimate the fair value of the investment in unquoted shares but the directors believe that the carrying amount represents recoverable value, based on the Group's share of its net tangible asset as of balance sheet date.

ii. Hire-purchase payables, term loans and loan stocks

The carrying amounts of hire-purchase payables, term loans and loan stocks approximate fair values. The fair values of these financial liabilities are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowings arrangements.

iii. Cash and cash equivalents, short-term bank borrowings, trade and other receivables, amounts owing by / to associated companies, trade and other payables and inter-company indebtedness

The carrying amounts of cash and cash equivalents, short-term bank borrowings, trade and other receivables, amounts owing by/ to associated companies and trade and other payables approximate fair values because of the short maturity of these instruments.

The fair values of intercompany indebtedness have not been computed as the timing of the repayment of these balances cannot be reasonably determined.

iv. Contingent liabilities

It is not practical to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs or eventual outcome.

37. SEGMENT REPORTING

Business segments

For management purposes, the Group is organised into the following business segments :

- manufacturing and trading of consumable products
- manufacturing and maintenance services of lifts and escalators
- property development
- investment holdings

Intersegment pricing is determined based on negotiated terms.

The Group

	Continuing operations					Discontinued operations	
	Manufacturing and trading of consumable products	Property development	Investment holdings	Eliminations	Total	Manufacturing and maintenance services of lifts and escalators	Total operations
	RM	RM	RM	RM	RM	RM	RM
2006							
Revenue							
External sales	42,211,099	21,441,304	160,000	476,722	64,289,125	29,379,011	93,668,136
Inter-segment sales	5,459	-	-	(5,459)	-	-	-
Total revenue	42,216,558	21,441,304	160,000	471,263	64,289,125	29,379,011	93,668,136
Results							
Segment results	772,336	1,838,842	14,709,931	(3,105,719)	14,215,390	3,053,217	17,268,607
Share of loss of associated companies					(57,971)	-	(57,971)
Finance costs					(5,530,255)	(79,482)	(5,609,737)
Profit before tax					8,627,164	2,973,735	11,600,899
Income tax expense					(136,787)	(557,000)	(693,787)
Profit for the year					8,490,377	2,416,735	10,907,112

(FORWARD)

	Continuing operations					Discontinued operations	
	Manufacturing and trading of consumable products	Property development	Investment holdings	Eliminations	Total	Manufacturing and maintenance services of lifts and escalators	Total operations
	RM	RM	RM	RM	RM	RM	RM
Other information							
Capital additions	1,055,171	741,662	-	-	1,796,833	181,429	1,978,262
Depreciation and amortisation	1,093,092	197,671	39,559	-	1,330,322	355,810	1,686,132
Other non-cash expenses	513,531	747,325	1,692,974	-	2,953,830	171,614	3,125,444
Assets							
Segment assets	49,192,580	81,139,205	103,338,715	(99,508,504)	134,161,996	-	134,161,996
Income tax assets					334,463	-	334,463
Investment in associated companies					1,361,490	-	1,361,490
Consolidated total assets					135,857,949	-	135,857,949
Liabilities							
Segment liabilities	73,058,969	76,397,174	63,207,586	(114,912,790)	97,750,939	-	97,750,939
Borrowings					4,167,914	-	4,167,914
Income tax liabilities					841,659	-	841,659
Consolidated total liabilities					102,760,512	-	102,760,512

(FORWARD)

	Continuing operations: Manufacturing and trading of consumable products RM	Continuing operations: Property development RM	Continuing operations: Investment holdings RM	Continuing operations: Eliminations RM	Continuing operations: Total RM	Discontinued operations: Manufacturing and maintenance services of lifts and escalators RM	Total operations RM
2005							
Revenue							
External sales	39,787,197	14,110,413	-	-	53,897,610	40,499,480	94,397,090
Inter-segment sales	19,136	-	240,000	(259,136)	-	-	-
Total revenue	39,806,333	14,110,413	240,000	(259,136)	53,897,610	40,499,480	94,397,090
Results							
Segment results	129,004	(843,396)	5,791,867	(3,494,614)	1,582,861	1,304,718	2,887,579
Share of profit of associated companies					15,304	-	15,304
Finance costs					(6,114,036)	(193,732)	(6,307,768)
(Loss) / Profit before tax					(4,515,871)	1,110,986	(3,404,885)
Income tax expense					(78,321)	183,074	104,753
(Loss) / Profit for the year					(4,594,192)	1,294,060	(3,300,132)
Other information							
Capital additions	690,797	11,620	-	-	702,417	643,015	1,345,432
Depreciation and amortisation	1,087,228	77,098	56,469	-	1,220,795	527,164	1,747,959
Amortisation of goodwill	5,083	186,158	34,472	-	225,713	-	225,713
Other non-cash expenses	821,683	12,932	694,893	-	1,529,508	5,408,331	6,937,839
Assets							
Segment assets	43,504,198	66,628,890	121,735,830	(125,278,244)	106,590,674	52,825,440	159,416,114
Income tax assets					358,963	386,215	745,178
Investment in associated companies					1,491,187	-	1,491,187
Consolidated total assets					108,440,824	53,211,655	161,652,479

(FORWARD)

	Continuing operations: Manufacturing and trading of consumable products	Property development	Investment holdings	Eliminations	Total	Discontinued operations Manufacturing and maintenance services of lifts and escalators	Total operations
	RM	RM	RM	RM	RM	RM	RM
Liabilities							
Segment liabilities	70,566,987	62,779,414	94,962,006	(146,259,467)	82,048,940	43,431,621	125,480,561
Borrowings					5,277,297	7,356,635	12,633,932
Income tax liabilities					733,908	141,450	875,358
Consolidated total liabilities					88,060,145	50,929,706	138,989,851

Geographical segments

The following is an analysis of the carrying amount of segment assets and capital additions by the geographical area in which the assets are located.

	Carrying amount of segment assets		Capital additions	
	2006	2005	2006	2005
	RM	RM	RM	RM
Malaysia	126,574,708	147,699,512	1,643,871	1,208,006
Other Asian countries	7,587,288	11,716,602	334,391	137,426
	134,161,996	159,416,114	1,978,262	1,345,432

The segment revenue from external customers by geographical area based on the geographical location of its customers are as follows :

	Continuing operations		Discontinued operations		Total	
	2006	2005	2006	2005	2006	2005
	RM	RM	RM	RM	RM	RM
Malaysia	30,955,841	21,114,362	17,217,998	20,099,282	48,173,839	41,213,644
Europe	26,780,580	26,454,128	-	-	26,780,580	26,454,128
Other countries	6,552,704	6,329,120	12,161,013	20,400,198	18,713,717	26,729,318
	64,289,125	53,897,610	29,379,011	40,499,480	93,668,136	94,397,090

38. SUBSEQUENT EVENTS

Subsequent to December 31, 2006 :

(a) a direct subsidiary company, Emico Development Sdn. Bhd. entered into a sale and purchase agreement with a third party to disposed of its entire equity interest of 79.75% in Emico Properties Sdn. Bhd. which comprise 1,595,000 shares of RM1 each for a total cash consideration of RM6,800,000. The Group will make a gain of approximately RM1,699,000 upon the completion of this transaction.

(b) a direct subsidiary company, Emico Penang Sdn. Bhd. entered into a sale and purchase agreement with a third party to disposed of certain parcel of land for a total cash consideration of RM700,000. The Group will make a gain of approximately RM200,000 upon the completion of this transaction.

The directors of EMICO HOLDINGS BERHAD state that, in their opinion, the accompanying balance sheets, and the related statements of income, changes in equity and cash flows, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable MASB approved accounting standards in Malaysia, so as to give a true and fair view of the state of affairs of the Group and of the Company as of December 31, 2006 and of their results and cash flows for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

LIM BENG HUAN **LOH LAY CHOO**

Penang,

April 23, 2007

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, JIMMY ONG CHIN KENG, the director primarily responsible for the financial management of EMICO HOLDINGS BERHAD, do solemnly and sincerely declare that the accompanying balance sheets, and the related statements of income, changes in equity and cash flows, 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 JIMMY ONG CHIN KENG at

GEORGETOWN in the State of PENANG

on April 23, 2007

Before me,

GOVINDASAMY A/L G.MUTTUSAMY, PJM

COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2007

Authorised Share Capital	: RM150,000,000
Issued and Fully Paid Up Capital	: RM51,682,376
Class of Shares	: Ordinary shares of RM1 each
Voting Rights	: One vote per share

DISTRIBUTION OF SHAREHOLDINGS

			No. of Shares Held		No. of Shareholders	
Size of Holdings			**Quantity**	**%**	**Number**	**%**
1	To	99	789	-	20	0.65
100	To	1,000	925,860	1.79	991	32.40
1,001	To	10,000	6,605,548	12.78	1,705	55.74
10,001	To	100,000	7,967,785	15.42	292	9.55
100,001	To	2,559,734 (*)	31,707,894	61.35	50	1.63
2,559,735	AND	ABOVE (**)	4,474,500	8.66	1	0.03
Total			51,682,376	100.00	3,059	100.00

REMARK : * Less than 5% of issued shares
** 5% or more of issued shares

SUBSTANTIAL SHAREHOLDERS

		No. of Shares Held			
	Name	**Direct**	**%**	**Indirect**	**%**
1.	Lim Beng Huan	-	-	13,197,042 #	25.53
2.	Loh Lay Choo	-	-	13,197,042 #	25.53
3.	Lim Poh Hoon	112,000	0.21	13,085,042 #	25.32
4.	Lim Teik Hian	52,000	0.10	13,145,042 #	25.43
5.	Lim Teck Chye	1,541,630	2.98	11,655,412 #	22.55

Note :

\# *By virtue of their beneficial interest in the shares held by Mersec Nominees (Tempatan) Sdn. Bhd., HDM Nominees (Tempatan) Sdn. Bhd., PM Nominees (Tempatan) Sdn. Bhd.,Alliancegroup Nominees (Tempatan) Sdn. Bhd., Ke-Zan Nominees (Tempatan) Sdn. Bhd. and Beng Choo Marketing Sdn. Bhd. for substantial shareholders listed above. In addition it also includes the deemed interest via their family members Lim Beng Huan (father), Loh Lay Choo (wife), Lim Teik Hian (son), Lim Poh Hoon (daughter) and Lim Teck Chye (son).*

DIRECTORS' SHAREHOLDINGS

		No. of Shares Held			
	Name	**Direct**	**%**	**Indirect**	**%**
1.	Lim Beng Huan	-	-	13,197,042 #	25.53
2.	Loh Lay Choo	-	-	13,197,042 #	25.53
3.	Lim Teik Hian	52,000	0.10	13,145,042 #	25.43
4.	Lim Teck Chye	1,541,630	2.98	11,655,412 #	22.55
5.	Wong Sew Yun	895,859	1.73	55,320	0.11

DISTRIBUTION OF WARRANTS

Size of Holdings	No. of Warrants Held Quantity	%	No. of Warrantholders Number	%
1 To 99	1,612	0.01	34	2.40
100 To 1,000	480,922	4.32	660	46.68
1,001 To 10,000	2,470,606	22.20	584	41.30
10,001 To 100,000	3,797,359	34.12	121	8.56
100,001 To 556,499 (*)	2,897,395	26.03	14	0.99
556,500 AND ABOVE (**)	1,482,106	13.32	1	0.07
Total	11,130,000	100.00	1,414	100.00

REMARK : * Less than 5% of issued warrants
** 5% and above of issued warrants

SUBSTANTIAL WARRANTHOLDERS

	Name	No. of Warrants Held Direct	%	Indirect	%
1.	Lim Beng Huan	-	-	2,067,513 #	18.58
2.	Loh Lay Choo	114,500	1.03	1,953,013 #	17.55
3.	Lim Poh Hoon	17,000	0.15	2,050,513 #	18.42
4.	Lim Teik Hian	13,000	0.12	2,054,513 #	18.46
5.	Lim Teck Chye	145,907	1.31	1,921,606 #	17.27

Note :

By virtue of their beneficial interest in the shares held by Mayban Nominees (Tempatan) Sdn. Bhd., Alliancegroup Nominees (Tempatan) Sdn. Bhd. and Beng Choo Marketing Sdn. Bhd. for the substantial shareholders listed above. In addition it also includes the deemed interest via their family members Lim Beng Huan (husband), Loh Lay Choo (wife), Lim Teik Hian (son), Lim Poh Hoon (daughter) and Lim Teck Chye (son).

DIRECTORS' WARRANTHOLDINGS

	Name	No. of Warrants Held Direct	%	Indirect	%
1.	Lim Beng Huan	-	-	2,067,513 #	18.58
2.	Loh Lay Choo	114,500	1.03	1,953,013 #	17.55
3.	Lim Teik Hian	13,000	0.12	2,054,513 #	18.46
4.	Lim Teck Chye	145,907	1.31	1,921,606 #	17.27
5.	Wong Sew Yun	263,488	2.37	-	-

LIST OF TOP 30 SHAREHOLDERS

AS AT 30 APRIL 2007

(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person)

	Name	**No. of Shares**	**Percentage**
1.	PM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	4,474,500	8.66
2.	OSK Nominees (Asing) Sdn Berhad - OSK Asia Securities Ltd for Zetamax Holdings Limited	2,500,000	4.84
3.	OSK Nominees (Asing) Sdn Berhad - OSK Asia Securities Ltd for Pivotal Group Limited	2,488,600	4.82
4.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	2,200,000	4.26
5.	OSK Nominees (Asing) Sdn Berhad - OSK Asia Securities Ltd for Warm Fortune Investments Limited	2,126,900	4.12
6.	Beng Choo Marketing Sdn Bhd	1,964,212	3.80
7.	Ke-zan Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Emiglow Ventures (M) Sdn Bhd	1,826,893	3.53
8.	OSK Nominees (Asing) Sdn Berhad - OSK Asia Securities Ltd for Profit Upsurge Investments Limited	1,515,200	2.93
9.	Mercsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Beng Choo Marketing Sdn Bhd	1,334,800	2.58
10.	Lim Teck Chye	1,241,630	2.40
11.	Chaw Nam Tai	1,014,000	1.96
12.	Lee Yuan Aun	1,001,400	1.94
13.	Mercsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Li Li	922,000	1.78
14.	Wong Sew Yun	895,859	1.73
15.	Hupson (B'worth) Sdn Bhd	791,000	1.53
16.	Yeo Pow Choo	719,600	1.39
17.	OSK Nominees (Asing) Sdn Berhad - OSK Asia Securities Ltd for Gold Evants Trading Limited	649,800	1.26
18.	HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Poh Leng	600,900	1.16
19.	PM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for How Choon Ho	598,500	1.16
20.	Mercury Industries Berhad	510,000	0.99
21.	HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	480,000	0.93
22.	Ke-zan Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Beng Choo Marketing Sdn Bhd	437,000	0.85
23.	Chak Sai Kit	367,000	0.71
24.	Khoo Chai Kok	331,500	0.64
25.	Ang Hock Hin	307,500	0.60
26.	Lim Teck Chye	300,000	0.58
27.	Sim Kean Hee	300,000	0.58
28.	Yen Mee Lin	300,000	0.58
29.	Lim Chong Hoe	271,000	0.52
30.	June Lee Soo Chin	250,000	0.48
	Total	32,719,794	63.31

(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person)

	Name	No. of Shares	Percentage
1.	Beng Choo Marketing Sdn Bhd	1,482,106	13.31
2.	Yeo Pow Choo	359,400	3.23
3.	Khoo Chai Kok	295,000	2.65
4.	Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	295,000	2.65
5.	Wong Sew Yun	263,488	2.37
6.	Low Teong Hwa	250,000	2.25
7.	Mercsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Li Li	230,500	2.07
8.	Mayban Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Vincent Phua Chee Ee	200,000	1.80
9.	Ting Lian Siew @ Ting Lian Bo	162,800	1.46
10.	Low It Tuan	160,000	1.44
11.	Chew Sit See	155,800	1.40
12.	Tony Chee Boon Kin	150,000	1.35
13.	Lim Teck Chye	145,907	1.31
14.	Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teoh Ah Kooi	115,000	1.03
15.	Loh Lay Choo	114,500	1.03
16.	Lim Chong Siang	100,000	0.90
17.	Roslan bin Abu Bakar	100,000	0.90
18.	Chong Woon Sang	88,400	0.79
19.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ting Lian Siew @ Ting Lian Bo	84,150	0.76
20.	Chua Jui Meng	82,900	0.74
21.	Mercsec Nominees (Tempatan) Sdn Bhd - Mercury Securities Sdn Bhd	75,600	0.68
22.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Chai Huat	75,000	0.67
23.	Chew Lai Hock	70,000	0.63
24.	Hupson (B'worth) Sdn Bhd	70,000	0.63
25.	Lim Jun Sung	69,900	0.63
26.	Chew Kim Hwa	69,000	0.62
27.	SJ Sec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Chee Keong	65,000	0.58
28.	Affin Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wong Pow Kian	62,200	0.56
29.	Lau Ka Sui Enterprise Sendirian Berhad	60,300	0.54
30.	Autron Sdn Bhd	60,000	0.54
	Total	5,511,951	49.52

LIST OF PROPERTIES

AS AT 31 DECEMBER 2006

Location	Tenure	Description / Existing Use	Land Area (sq ft)	Built-up Area (sq ft)	Age of Building (Years)	Net Book Value RM'000	Acquisition / Revaluation*
Plot 17 Kawasan Perindustrian Bayan Lepas, Mukim 12 Daerah Barat Daya, Pulau Pinang	60-years Leasehold Expiring 2045	Land and factory building for rental	39,346	33,602	22	1,209	1994*
Plot 18 & 19 Kawasan Perindustrian Bayan Lepas, Mukim 12 Daerah Barat Daya, Pulau Pinang	60-years Leasehold Expiring 2046 and 2047 respectively	Land and factory buildings, warehouse and office for industrial use	81,350	116,847	15 to 22	5,555	1994*
Lot Nos 468, 469, 470, 471, 472, 473, 474, 475 & 479, Section 1 Jelutong Town, Daerah Timur Laut Pulau Pinang	Freehold	Vacant commercial land for future development	13,845	-	-	500	1994*
Unit M/0/04/02, Harbour Trade Centre, Lebuh Macallum, Pulau Pinang	99-years Leasehold Expiring 2089	Office unit for rental	-	2,031	12	244	1992
Lot 607 Mk 13 Daerah Seberang Perai Tengah, Pulau Pinang	Freehold	Vacant Land	802,332	-	-	3,095	1995
Taman Batik, Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	On-going mix development project	2,092,044	-	-	2,952	1996
HS(D) 773/97, PT49753 Mk Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	On-going mix development project	9,104,040	-	-	10,591	1996
HS(D) 1/97, PT 48979 Mk Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	Vacant commercial land for future development	154,118	-	-	2,800	1997
Lot 11594 & 11595 Mk Sungai Petani Daerah Kuala Muda, Kedah	Freehold	Land and factory building for rental	177,601	26,400	10	988	1996
Lot D-2, LOTECO Industrial Park, Route 15A, Long Binh, Bien Hoa, Dong Nai, Vietnam	44 years Leasehold Expiring 2046	Factory buildings and office for industrial use	97,204	79,591	4	631	2003
HS (M) 156-96 MK Kuah Kelibang Kedah	99 years Leasehold Expiring 2095	On-going mix development project	1,589,940	-	-	2,205	1996

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at The Conference Room of Emico Holdings Berhad, 18 Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang on Tuesday, 26 June 2007 at 11.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business:

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

2 To approve the payment of Directors' Fees for the financial year ended 31 December 2006. **ORDINARY RESOLUTION 1**

3 To re-elect the following Directors who retire pursuant to Article 80 of the Company's Articles of Association and who being eligible, offer themselves for re-election:

(i) Mr. Lim Beng Huan **ORDINARY RESOLUTION 2**

(ii) Mr. Ng Chee Kong **ORDINARY RESOLUTION 3**

(iii) Mr. Lim Teck Chye **ORDINARY RESOLUTION 4**

4 To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **ORDINARY RESOLUTION 5**

As Special Business:

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

5 **AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES** **ORDINARY RESOLUTION 6**

"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government / regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to allot and 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, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued."

6 **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE INVOLVING MR. TAN CHIN PENG AND MADAM CHAN LAY LI** **ORDINARY RESOLUTION 7**

"THAT, approval be given to the company and / or its subsidiary companies to enter into recurrent related parties transactions of a revenue or trading nature as stated in Section 2.1 of the Circular to Shareholders dated 4 June 2007 ("Circular") invoiving Mr. Tan Chin Peng and Madam Chan Lay Li with related parties which are necessary for the day-to-day operations and on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders as set out in the Circular ("the Mandate").

THAT the Directors be empowered to do all such acts and things (including executing all such documents as may be required) as they may be considered expedient or necessary to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and / or amendments (if any) as may be imposed by the relevant authorities AND THAT such Mandate shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held but shall not extent to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965 (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, whichever is earlier);

THAT disclosure will be made in the Annual Report of the Company of the aggregate value of Recurrent Related Party Transactions conducted pursuant to the Mandate during the financial year based on the following information:-

i) the type of Recurrent Related Party Transactions made; and

ii) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company."

7 **PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION** **ORDINARY RESOLUTION 1**

"THAT, the amendments to the Articles of Association of the Company as set out in Part C of the Circular to Shareholders of the Company dated 4 June 2007 be and are hereby approved.

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

By Order of the Board

ONG ENG CHOON (MIA 2121)
LEE PENG LOON (MACS 01258)
Joint Secretaries

PENANG
4 June 2007

Notes:

1 A proxy may but need not be a member of the Company and the provisions of the Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.

2 For a proxy to be valid, the proxy form duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.

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

4 Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5 If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

6 Explanatory Notes On Special Business:-

AGENDA 5

The Ordinary Resolution 6 proposed under agenda 5, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purpose as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

AGENDA 6

The Ordinary Resolution 7 proposed under agenda 6, if passed, will be enable the Company and its subsidiaries to enter into recurrent transactions invoiving the interests of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company, particulars of which have been disclosed in the Circular to Shareholders dated 4 June 2007 which have been dispatched together with the Company's 2006 Annual Report.

AGENDA 7

The Special Resolution 1 proposed under agenda 7, if passed, will allow the Company's Articles of Association to be in line with the recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad.

2006 ANNUAL REPORT

The Company's 2006 Annual Report is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholder upon request within 4 market days from the date of receipt of the verbal or written request.

Shareholders who wish to receive the printed Annual Report and who require assistance in viewing the CD-ROM, kindly contact Ms Lucy Sim at telephone no. 03-7725 4888 or email your request to gpsim@pfa.com.my

STATEMENT ACCOMPANYING NOTICE OF THE FIFTEENTH ANNUAL GENERAL MEETING

Details of Directors who are seeking for re-election at the Fifteenth Annual General Meeting

(a) Mr. Lim Beng Huan, aged 65, a Malaysian, the Executive Chairman of the Company is retiring by rotation pursuant to Article 80 of the Company's Articles of Association.

Mr. Lim is the co-founder of the business with Madam Loy Lay Choo. In the early 1970, he started as an independent agent supplying awards and trophy components to retail outlets in Malaysia. His foresight in recognizing the market potential of this line of business led him to set up Emico in 1983. From then on, he managed to expand the business from a small partnership trading in trophies to its status of being the largest trophy manufacturer in Malaysia and ASEAN region. His vision and commitment towards the business has also steered Emico Group to venture into manufacturing and maintenance of lifts and escalators and lately into property development.

He and his family are the major shareholders of the Company. His wife, Madam Loh Lay Choo, is the Managing Director of the Company and his sons Mr. Lim Teik Hian and Mr. Lim Teck Chye sit on the Board of the Company as Executive Directors. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements of the 2006 Annual Report, he has no other conflict of interest.

Mr. Lim has an indirect interest of 13,197,042 ordinary shares of RM1.00 each in the Company and has an indirect interest in 350,000 ordinary shares of Northern Elevator Berhad by virture of the direct shareholdings of his son Mr Lim Teck Chye in the subsidiary company.

Mr.Lim has not been convicted of any offence in the past 10 years other than traffic offences.

(b) Mr. Ng Chee Kong, aged 64, a Malaysian, the Independent Non-Executive Director of the Company is retiring by rotation pursuant ot Article 80 of the Company's Articles of Association.

Mr. Ng received his early education in Penang and joined the banking profession with a major local bank until his retirement 36 years later. During his tenor with the bank, he obtained a Diploma in Marketing & Selling Bank Services conferred by The International Management Centres, Buckingham, England.

Mr. Ng does not have any conflict of interest with the Company and has no family relationship with any director and / or major shareholder of the Company.

Mr. Ng does not has a direct nor indirect interest in the shares of the Company and has no interest whether direct or indirect in the subsidiaries of the Group.

Mr. Ng has not been convicted of any offences in the past 10 years other than traffic offences.

(c) Mr. Lim Teck Chye, aged 33, a Malaysian, the Executive Director of the Company is retiring by rotation pursuant to Article 80 of the Company's Articles of Association.

Mr. Lim graduated from University of Toledo, Ohio, USA in Bachelor of Science in Engineering and Master of Science in Industrial Engineering. Upon graduation, he joined Fuji Lift & Escalator Manufacturing Sdn. Bhd. as its Marketing Manager in July 1997. In mid 1998, he was transferred abroad to set up an elevator manufacturing plant in Fujian province, China. The China factory is in full operation since July 1999 and has obtained ISO 9001:2000 quality certification. He was appointed to the Board of Northern Elevator Berhad as the Executive Director in October 1999 and has held the position since then.

Mr. Lim is the youngest son of Mr. Lim Beng Huan and Madam Loh Lay Choo the major shareholders of the company. His brother, Mr. Lim Teik Hian sits on Board of the Company as Executive Director. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements of the 2006 Annual Report, he has no other conflict of interest.

Mr. Lim has a direct interest of 1,541,630 and indirect interest of 11,655,412 ordinary shares of RM1.00 each in the Company and has 350,000 ordinary shares in Northern Elevator Berhad, a subsidiary of the Group.

Mr. Lim has not been convicted of any offence in the past 10 years other than traffic offences.

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PROXY FORM

EMICO

EMICO HOLDINGS BERHAD
(Company No. 230326-D)
(Incorporated In Malaysia under the Companies Act 1965)

*I/We ____
(Full Name In Block Letters)

of ____
(Address)

being a *member / members of the abovenamed Company, hereby appoint ______________________

____
(Full Name In Block Letters)

of ____
(Address)

or failing him, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf, at the Fifteenth Annual General Meeting of the Company to be held at The Conference Room, Emico Holdings Berhad, 18 Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang on Tuesday, 26 June 2007 at 11.00 a.m. or at any adjournment thereof.

	Ordinary Resolution							Special Resolution
	1	2	3	4	5	6	7	1
FOR								
AGAINST								

Please indicate with an 'x' in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote or abstain from voting at his/her discretion.

No. of shares held:

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

....
Signature of Member(s)

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, this form duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

*Strike out whichever is not desired.