WARISAN TC HOLDINGS BERHAD

(424834-W)

2006

laporan tahunan annual report

WARISAN TC HOLDINGS BERHAD (424834-W)

contents

corporate information

DIRECTORS

Dato' Tan Heng Chew
JP, DJMK
Chairman

Ngu Ew Look
Executive Director

Yeoh Keong Lian
Executive Director

Dato' Lee Eng Guan @ Lee Eng Yuan
DPTJ, ANS

Dato' Haji Nadzam bin Haji Mohd Din
JP, DJMK, KMN, AMP

Ismail bin Rautin Ibrahim

Seow Thiam Fatt

AUDIT COMMITTEE

Seow Thiam Fatt
Chairman
Independent Non-Executive Director

Ismail bin Rautin Ibrahim
Independent Non-Executive Director

Ngu Ew Look
Executive Director

COMPANY SECRETARY

Chang Pie Hoon

REGISTERED OFFICE

62-68 Jalan Ipoh
51200 Kuala Lumpur
Telephone : 03-4047 8888
Facsimile : 03-4047 8636

CORPORATE OFFICE

Lot 1A, Jalan Kemajuan
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Telephone : 03-7956 1868
Facsimile : 03-7954 8868

REGISTRARS

Tenaga Koperat Sdn. Bhd.
20th Floor, Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Telephone : 03-4041 6522
Facsimile : 03-4042 6352

AUDITORS

KPMG
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Listed on the Main Board on 15 December 1999)

business divisions

consumer products

cosmetics
hair care products
lingerie
multi level marketing

travel & car rental

inbound tours
corporate travel
airline ticketing
car rental

machinery

material handling equipment
construction equipment
agricultural tractors
engine & generator sets

chairman's statement

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

Highlights

2006 was indeed another challenging year for the Group. Faced with difficult operating environment of high crude oil prices, rising interest rate and intense competition in the market, the Group's performance for the financial year under review was inevitably affected.

For the financial year under review, the Group recorded a turnover of RM216.2 million compared to RM263.2 million in the previous financial year, a decrease of 18%. Profit before tax stood at RM22.4 million - 15% lower than previous financial year.

Dividends

An interim dividend of 4% less tax per share amounting to RM1,934,525 was paid on 2 October 2006.

The Board of Directors recommended the payment of a final dividend of 5% less tax per share for the financial year ended 31 December 2006. Together with the interim dividend of 4% less tax per share already declared and paid, this represents a total dividend of 9% (gross) per share.

Review of Operations

For the financial year ended 31 December 2006, the Group continued to operate with its three core divisions, namely Consumer Products, Travel & Car Rental and Machinery.

Consumer Products

With the increase in fuel prices and interest rate, consumers were generally more cautious in spending and the retail sector only registered a single digit growth in 2006.

During the year, Shiseido Malaysia Sdn Bhd ("SM"), a jointly controlled entity, focused on TV commercials to reinforce its communication to consumers. At the same time, SM continued to emphasise on customer service through activities at its counters nationwide and special workshops. Shiseido Maquillage, a new deluxe make-up collection launched in March 2006 was very well received by consumers.

The lingerie performance has been encouraging amid the softening retail sentiment. Wacoal Malaysia Sdn Bhd ("WM"), a jointly controlled entity, achieved a double-digit growth in terms of revenue and profitability in 2006 compared to 2005. During the year, various new merchandizes were introduced, namely "Moi Cree" and "SenSuala" to cater for the needs of different market segments. To maintain the prestige image of Wacoal, much emphasis was placed on opening of new points of sales and upgrading of counters. With corporate social responsibility in mind, the Pink Ribbon Campaign of WM was continued in 2006 with a series of activities, including a donation to National Cancer Society.

During the year, a wholly-owned subsidiary of the Company, namely Hairbiz College of Hairdressing Professionals Sdn Bhd, opened its doors to meet the needs of the market for a fully dedicated college in providing professional education for a growing segment of the population seeking skills training in the hairdressing industry. The college is accredited by Jabatan Pembangunan Kemahiran (MLVK) and the City and Guilds (London).

In the third quarter of 2006, Tung Pao Sdn Bhd, a wholly-owned subsidiary previously engaged in the distribution of cosmetics, was identified by the Group to undertake multi level marketing business under the brand name of Unify Network Marketing ("Unify"). Unify will source and distribute premium products with the concept of "total wellness and immunity".

consumer products

Travel & Car Rental

The overall market sentiment for the travel industry was more resilient in 2006. It was generally a more fruitful year compared to 2005 which was affected by the aftermath effect of tsunami in late 2004. The influx of tourists also increased in 2006 compared to 2005.

The division continued to register higher revenue and profitability of 17% and 13% respectively in 2006 compared to 2005. Following the opening of a "one stop centre" at Kuala Lumpur City Centre in 2005, another "one stop centre" was opened in Penang during the year to further improve customers' confidence and service delivery. Given the more resilient operating environment for the travel business in 2006, both inbound and outbound businesses recorded an overall improvement in performance compared to 2005.

On car rental business, in line with the increasing demand from most of the local established corporations and multi-national corporations, the division continued to focus on long term leasing and corporate chauffeur services. Total fleet size has further increased by 13% in 2006 compared to 2005.

Mayflower American Express Travel Services Sdn Bhd ("MAE"), a jointly controlled entity, continued to dominate in the corporate ticketing market with a revenue growth of 17% in 2006. MAE was awarded MAS Top Agent and Abacus Top Agent for the 5th consecutive year.

1. Abacus Top Agent for FY 2005/06

2. MAS Top Agent for FY 2005

travel & car rental

Machinery

2006 was a difficult year for the division amid stiff competition from its rivals. The division recorded a drop in both revenue and profitability in 2006 compared to 2005. The drop in the perfomance was largely due to erosion of gross profit on forklift segment and lesser gain from the disposal of rental equipment. Nevertheless, with much effort put in by the management, the main products of the division continued to be well accepted by the market.

In line with the objective of expanding the distribution network, two new branches were set up in Sibu and Kota Kinabalu during the year. This will put the division on a stronger footing to tap on to the growing construction and plantation sectors in the East Malaysian market. To further strengthen the product range, several new equipments were introduced during the year, ie a mid-range paving machine, a German made portable air compressor and a small to mid-range excavator for the plantation and logging sectors.

machinery

Prospects

The Malaysian economy is expected to remain resilient based on the projected Gross Domestic Product (GDP) growth of 6% in 2007. With "Visit Malaysia Year" Campaigns in place and projected tourists arrival of 20.1 million in 2007, it will be a positive year for the travel and car rental division. The division will continue to capitalize on its core competency and with effective business strategies, the performance of the division is expected to improve over last year.

The machinery division is expected to benefit from the implementation of the 9th Malaysia Plan ("9MP"). Under the 9MP, there is an allocation of RM200 billion for the implementation of the government's development projects over the next five years. The division will tap opportunities from the wide array of economic activities under the 9MP, it expects to have an improved performance in 2007.

Although 2007 poses strong domestic economic fundamentals, consumer spending is not expected to be robust. With the modest launch of multi level marketing business towards end of 2006, it is expected to contribute positively to the performance of the consumer products division in 2007.

Overall, we are looking forward to delivering improved performance in 2007 in terms of operating profitability, barring any unforeseen circumstances.

Acknowledgement

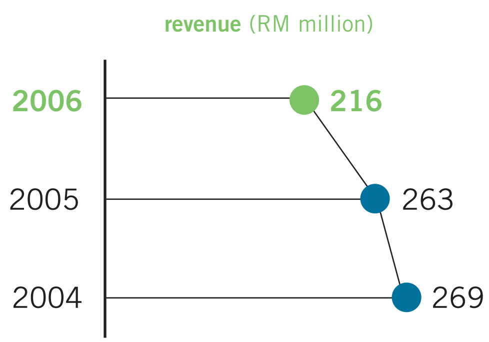
On behalf of the Board, I would like to take this opportunity to thank all our shareholders, valued customers, business associates and financiers for their continuous support to the Group. I would like to record our appreciation to the management and employees for their dedication and commitment.

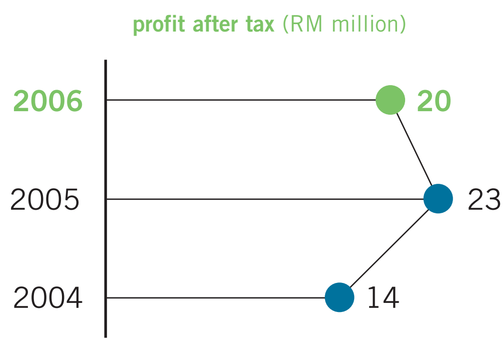
Lastly, I would like to thank my fellow Board members for their invaluable contribution to the Group.

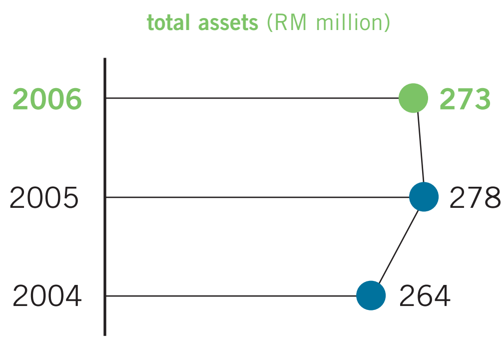
Dato' Tan Heng Chew JP, DJMK
Chairman

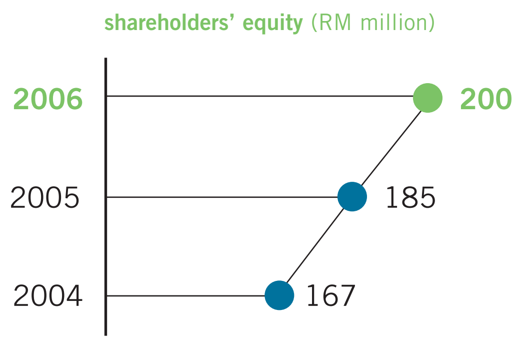
Kuala Lumpur
24 April 2007

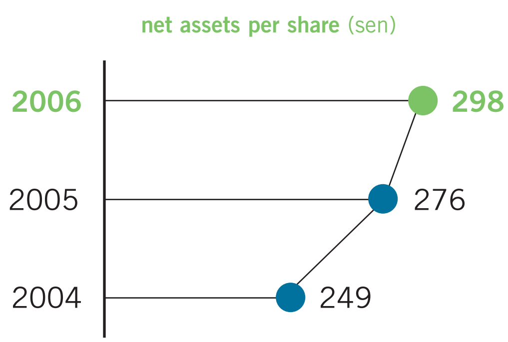
financial charts

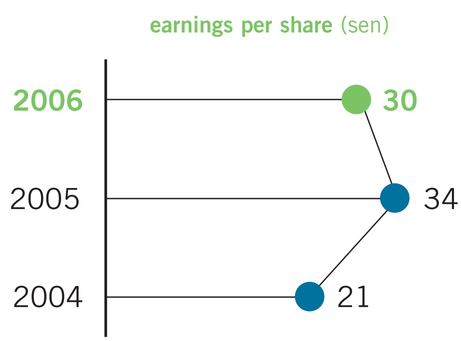












profile of the directors

Dato' Tan Heng Chew, JP, DJMK

60, a Malaysian, is a Non-Independent Non-Executive Director and Chairman of Warisan TC Holdings Berhad. He was the first director of the Company when it was incorporated on 26 March 1997.

Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and a Masters degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong Motor Holdings Berhad Group of companies in 1970 and was instrumental in the establishment of its Autoparts Division in the 1970s and early 1980s.

Dato' Tan sits on the Board of Tan Chong Motor Holdings Berhad as Executive Deputy Chairman and is also Chairman of APM Automotive Holdings Berhad. He is also a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company.

Dato' Tan does not have any conflict of interest in any business arrangement involving the Company. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

Dato' Tan attended all the five Board meetings held in 2006.

Dato' Lee Eng Guan @ Lee Eng Yuan, DPTJ, ANS

61, a Malaysian, is a Non-Independent Non-Executive Director. He was elected to the Board at the Annual General Meeting on 20 May 2003.

Dato' Lee graduated from the University of Queensland, Australia with a Bachelor of Arts degree. He was divisional director of the heavy machinery and equipment operations of the Tan Chong Motor Holdings Berhad ("TCMH") Group until the re-structuring of TCMH, resulting in the emergence of the Company. Prior to joining TCMH, he was with the Inchcape Group and the Tractors Malaysia Group.

Dato' Lee does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

Dato' Lee attended four out of the five Board meetings held in 2006.

profile of the directors

Ngu Ew Look

53, a Malaysian, is an Executive Director. He was appointed to the Board on 26 July 2002 and is a member of the Audit Committee.

Mr. Ngu is a Fellow of the Association of Chartered Certified Accountants. He joined the Tan Chong Motor Holdings Berhad ("TCMH") Group in September 1978 and served in various financial and management positions. He was an Accountant for the travel business and later became the Product Manager and subsequently promoted to General Manager of the industrial machinery business, both operations of which are now under the Warisan Group. Prior to his current appointment, he was General Manager, in charge of the heavy commercial vehicles division of TCMH Group and overseeing the heavy commercial vehicle business of TCMH Group in East Malaysia.

Mr. Ngu does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

Mr. Ngu attended all the five Board meetings held in 2006.

Yeoh Keong Lian

52, a Malaysian, is an Executive Director. She was appointed to the Board on 20 March 2003.

Ms Yeoh is a Fellow of the Association of Chartered Certified Accountants and holds a Diploma in Applied International Management. She served in various management capacities in the Tan Chong Motor Holdings Berhad Group for about 12 years before joining PK Electronic Industries Group in 1992 where she was the Senior Manager for about 3 years. Prior to her current appointment, she was Finance Director of Kimberly-Clark Corporation's Malaysia and Singapore operations.

Ms Yeoh does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

Ms Yeoh attended all the five Board meetings held in 2006.

Dato' Haji Nadzam bin Haji Mohd Din, JP, DJMK, KMN, AMP

64, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 1 November 1999.

Dato' Haji Nadzam started his career in the Malaysian civil service in 1972. He served as Press Secretary for the Minister of Culture, Youth and Sport (1972 to 1975); Minister of Trade and Industry (1975 to 1978) and Minister of Law and Attorney General (1978 to 1980). He joined Tan Chong Motor Holdings Berhad Group in 1981 and has been the Head of its Public Affairs Department since then.

Dato' Haji Nadzam does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

Dato' Haji Nadzam attended all the five Board meetings held in 2006.

Ismail bin Rautin Ibrahim

72, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 24 November 1999 and is a member of the Audit Committee.

Encik Ismail is a Fellow of the Institute of Commercial Management, United Kingdom and holds a Diploma in Entrepreneural Management from Algonquin College, Canada. He joined the Royal Malaysia Police Force in 1954 and later joined the Department of Chief Government Security Officers in the Prime Minister's Department in 1967 and was appointed as its Chief in 1980. He subsequently opted for early retirement and ventured into business.

Encik Ismail does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

Encik Ismail attended four out of the five Board meetings held in 2006.

Seow Thiam Fatt

66, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 26 July 2002 and is Chairman of the Audit Committee.

Mr. Seow, a Chartered Accountant, was admitted as a member of CPA Australia in 1963, the Institute of Chartered Secretaries and Administrators in 1964 and the Institute of Chartered Accountants in Australia in 1968. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA) since 1969. He is the past President of MICPA and had served as a government appointed Independent Director of the previous Kuala Lumpur Commodities Exchange (KLCE) for four years.

He has more than 20 years' professional experience as a practising accountant in his capacity as a Senior Partner of Larry Seow & Co. and a Partner of Arthur Young. He diverted from professional practice in 1994 and thereafter held several senior positions in private and public companies. His work experience includes a two-year contract with the Securities Commission of Malaysia as General Manager of the Financial Reporting Surveillance and Compliance Department.

Mr Seow is also an Independent Non-Executive Director of Tan Chong Motor Holdings Berhad, Affin Investment Bank Berhad (formerly known as Affin Merchant Bank Berhad), ING Funds Berhad and a Non-Independent Non-Executive Director of Malaysia Pacific Corporation Berhad.

Mr. Seow does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

Mr. Seow attended all the five Board meetings held in 2006.

None of the Directors had convictions for offences within the past 10 years.

corporate governance statement

The Board of Directors (the "Board") of Warisan TC Holdings Berhad recognises that the exercise of good corporate governance in conducting the business and affairs of the Company and the Group forms a fundamental part of discharging its responsibilities to protect shareholders' value and to enhance the Group's performance. It is the policy of the Board to manage the business and affairs of the Group in accordance with the appropriate standards for good corporate governance.

The Board wishes to report on the manner the Group has applied the principles and the extent of compliance with the best practices set out in the Malaysian Code on Corporate Governance (the "Code").

A: DIRECTORS

I The Board

The Board is entrusted with the responsibility in leading and directing the Group towards realising long term shareholders' values. The Board retains full and effective control of the Group's strategic plans, overseeing the conduct of the Group's businesses, implementing an appropriate system of risk management and ensuring the adequacy and integrity of the Company's system of internal control.

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. In 2006, the Board held five (5) Board Meetings. In every Board Meeting, there is a schedule of matters reserved for the Board's decision and apart from the broad policy making decisions, these matters include the approval of annual and interim results, annual business plans and budgets, significant acquisitions and disposals, material agreements, major capital expenditures, senior executive appointments and significant corporate matters. Other matters are delegated to committees of the Board and management as well as officers of the Group.

II Board Balance

The Board currently has seven (7) members comprising the Chairman, two (2) Executive Directors and four (4) Non-Executive Directors, two (2) of whom are Independent Directors. This Board membership meets the requirement of at least one third being Independent Non-Executive Directors.

The Board collectively has a diverse background in business and financial experience and skills vital for the continued progress and success of the Group. The profiles of the Board members are set out on pages 13 to 15.

III Supply of Information

All Board and Committee meetings held were preceded with formal agenda issued by the Company Secretary. The agenda was accompanied by the minutes of previous meetings, relevant documents for deliberations and reports on current trading and business issues, periodic financial reports and proposal papers from the management as and when required.

The Board has approved an agreed procedure for Directors to take independent professional advice at the Company's expense.

The Directors have direct access to the advice and the services of the Company Secretary who is responsible for ensuring Board procedures are followed.

IV Appointment to the Board

The Board is of the view that an assessment carried out by drawing upon the wealth of experience of all the Directors on the Board would be more effective and therefore a Nomination Committee is currently not required. Consequently, this role will be performed by the Board as a whole when necessary and as appropriate.

It is an essential part of the Board policy that Directors receive training and update from time to time, particularly on relevant new laws and regulations and changing commercial risks.

V Re-election

The names of the Directors at the date of this Report, together with their profiles are set out on pages 13 to 15.

The Company's Articles of Association provide that at every Annual General Meeting of the Company, one-third of the Directors shall retire from office by rotation and that all Directors shall retire from office once at least in every three years, but shall be eligible for re-election at each Annual General Meeting.

Non-Executive Directors are not appointed for a specific term and are subject to election by shareholders at the next Annual General Meeting following their appointment, and to re-election in accordance with the Company's Articles of Association.

VI Directors' Training

All Directors had completed the Mandatory Accreditation Training Programme as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). Pursuant to the Listing Requirements of Bursa Securities on Continuing Education Programmes ("CEP"), the Directors had also attended seminars and courses organized by the relevant regulatory authorities and professional bodies and obtained the requisite CEP points.

The training programmes and seminars attended by the Directors during the financial year ended 31 December 2006 included, among others, the following:-

* MICPA - Bursa Malaysia Business Forum
* Making Corporate Boards More Effective
* Leadership Excellence - Managing Change For Success
* Managing Business Transformation Process
* Implementing Business Plan Strategies For Company Directors and Senior Management
* Code on Corporate Compliance and Ethical Conduct
* Detection and Prevention of Fraud

The Directors are mindful that to effectively discharge their duties as Directors, they should receive appropriate continuous training by attending seminars and briefings in order to broaden their perspectives and to keep abreast with the development in the business environment as well as with the constant changes in regulatory requirements.

B: DIRECTORS' REMUNERATION

The Board is of the view that the existing remuneration guidelines formulated by drawing upon the wealth of experience of all the Directors on the Board would be more effective and therefore a Remuneration Committee is currently not required. Consequently, this role will be performed by the Board as a whole when necessary and as appropriate. The remuneration policy of the Group essentially seeks to attract, retain and motivate employees of all levels including Executive Directors to contribute positively towards the Group's performance.

The quantum of the annual performance bonus and increment for the employees of the Group is dependent on the operating results of the Group after taking into account the prevailing business conditions and the individual's performance. The same guidelines apply to the Executive Directors.

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

	Fees RM	Salaries & Allowance RM	Bonus RM	Benefits-in-kind RM	Total RM
Executive Directors	-	456,947	199,406	29,000	685,353
Non-Executive Directors	79,200	11,900	-	-	91,100

The number of Directors whose remuneration falls into the following bands are as follows:

Range of remuneration	Executive	Non-Executive
50,000 and below	-	5
250,001 - 300,000	1	-
400,001 - 450,000	1	-

The remuneration of each of the Non-Executive Director is determined by the Board as a whole. Non-Executive Directors do not take part in discussions of their own remuneration.

C: RELATIONS WITH SHAREHOLDERS

I. Dialogue between the Company and Investors

The Board acknowledges the need to communicate with shareholders on all material business matters affecting the Group. The Company will hold Group and individual discussions with analysts, institutional shareholders and investment communities, at their request, with the view to foster greater understanding of the business of the Group. When appropriate, the Company will also conduct press conference to inform shareholders and investors of any material business developments of the Group. The Group's quarterly result announcements are available on the Bursa Securities website and serve to keep the interested shareholders informed of the Group's progress from time to time.

II. Annual General Meeting ("AGM")

AGM is the principal forum for dialogue with the shareholders which allows the shareholders to have direct access to the Board. The shareholders are given the opportunity to raise questions or issues regarding the Company's performance or on any proposed resolutions.

The last AGM was held on Wednesday, 17 May 2006 at 3:00 p.m. at the Grand Ballroom, Grand Seasons Hotel, Kuala Lumpur. It was attended by shareholders comprising registered individuals, proxies and corporate representatives with a total shareholding representing 66% of the issued share capital.

D: ACCOUNTABILITY AND AUDIT

I Financial Reporting

The Board aims to present a balanced and understandable assessment of the Company's and the Group's position and prospects to the shareholders, investors and regulatory authorities primarily through the annual report and quarterly financial statements.

II Internal Control

The Directors acknowledge their responsibility for the Group's system of internal control which would cover all aspects of the business including financial, operational and compliance controls. While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system cannot totally eliminate risks and thus there can never be an absolute assurance that the Group will achieve its objectives or will there be no material loss arising thereon.

The Statement of Internal Control furnished on pages 21 and 22 provides an overview of the state of the internal control within the Group.

III Audit Committee and Auditors

The Board has established an Audit Committee. The membership of this Committee, the terms of reference and its activities report are set out on pages 25 to 28.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES IN CORPORATE GOVERNANCE

The Directors considered that for the financial year ended 31 December 2006, the Company had complied substantially with the Best Practices in Corporate Governance as set out under Part 2 of the Code, except for the formation of Nomination and Remuneration Committees as explained in the report on the application of the principles and best practices in corporate governance.

statement on internal control

Responsibility

The Board has overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity to safeguard shareholders' investment and the Group's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. In pursuing these objectives, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Internal Control System

The key elements of the Group's internal control system are described as below:

* Defined lines of responsibility, delegation of authority, segregation of duties and information flow.

* The Executive Management Committee (EMC) which reviews high level policies as and when there are changes of new policies as well as monitors the performance and profitability of business divisions.

* Internal policies and procedures have been established and documented.

* Business planning and budgeting process for business units with periodical monitoring of performance so that major variances are followed up and management action taken.

* Justification and approval process for major expenditures to ensure congruence with the Company's strategic objectives.

* Independent appraisals by internal auditors to ensure on going compliance with policies and procedures whilst assessing the effectiveness of the Group's system of financial, compliance and operational controls.

Risk Management Framework

The Board confirms that there is a continuous process to identify and manage the significant risks of the Group. Key risks relating to the Group's operations and strategic mission are addressed, evaluated and subsequently tabled and endorsed by the Board.

The key features of the risk management framework are as follows:

* Risk Management Committee which is headed by an Executive Director and comprising key management personnel from respective business divisions has been established. The Committee is entrusted with the responsibility to identify and communicate to the Board through the Audit Committee on the risk that the Group faces, their changes and management action plans to mitigate the risks.

* A Risk Management Oversight Policies and Procedures which outlines the risk management framework for the Group and offers practical guidance on risk management issues has been formed and presented to the Audit Committee for adoption.

* Updates on Corporate Risk Scorecards by the heads of business divisions with focus on operational risks. The database of all risks and controls in a form of risk scorecard is subject to review.

Internal Audit Function

An in-house internal audit function supports the Audit Committee, and by extension, the Board, by providing reasonable independent assurance of the Group's system of internal control. Internal audit appraises and contributes towards improving the Group's risk management and control system and reports to the Audit Committee on a quarterly basis.

The internal audit team is independent and has no involvement in the operation of the Group.

The Board is of the opinion that the system of internal control is adequate to achieve the Group's business objectives. During the year, there were no material losses caused by breakdown in internal control.

In compliance with the Bursa Malaysia Securities Berhad's Listing Requirements, the following additional information is provided:-

(i) Utilisation of Proceeds

The proceeds raised from the disposal of property of a subsidiary were utilised for working capital purposes during the financial year.

(ii) Share Buybacks

During the financial year, the Company bought back a total of 158,100 shares of RM1.00 each from the stock market. Details of the shares bought back during the financial year are as follows:

Month	Number of shares bought back and held as treasury shares	Highest price paid per share (RM)	Lowest price paid per share (RM)	Average price paid per share (RM)	Total consideration* (RM)
May	5,000	1.670	1.670	1.670	8,420.79
June	15,000	1.640	1.630	1.637	24,734.12
August	9,000	1.650	1.620	1.638	14,854.35
September	5,000	1.590	1.590	1.590	8,008.88
October	17,000	1.640	1.620	1.638	28,053.93
November	41,000	1.760	1.730	1.750	72,292.28
December	66,100	1.730	1.640	1.686	112,271.25
Total	**158,100**				**268,635.60**

Note: *Including transaction costs

All the shares bought back during the financial year are held as treasury shares. As at 31 December 2006, a total of 158,100 shares were held as treasury shares. None of the treasury shares were resold or cancelled during the financial year.

(iii) Options, Warrants or Convertible Securities

There were no options, warrants and convertible securities issued during the financial year.

(iv) American Depository Receipt ("ADR") / Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR Programme during the financial year.

(v) 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 during the financial year.

(vi) Non-audit Fees

The amount of non-audit fees incurred for the services rendered to the Group by the external auditors or a firm or company affiliated to the external auditors during the financial year was RM88,440.

(vii) Variance in Results

There was no variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on profit estimate, forecast or projection.

(viii) Profit Guarantee

The Company did not give any profit guarantee during the financial year.

(ix) Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors and major shareholders, either subsisting at the end of the financial year or entered into since the end of the previous financial year other than disclosed on page 38 of the financial statements.

(x) Revaluation Policy

Save as disclosed in Note 2(c) (Significant Accounting Policies) of the notes to the financial statements, the Group does not have a revaluation policy on landed properties.

COMPOSITION AND MEETINGS

The composition of the Audit Committee (the "Committee") and the attendance of its members at the five (5) meetings held in the year are set out below:

Name	Designation	Attendance
Seow Thiam Fatt Independent Non-Executive Director	Chairman	5/5
Ismail bin Rautin Ibrahim Independent Non-Executive Director	Member	5/5
Ngu Ew Look Executive Director	Member	5/5

TERMS OF REFERENCE

Membership

The Committee shall be appointed by the Board from amongst the Directors and shall be composed of no fewer than three (3) members, a majority of whom must be Independent Directors.

The Committee shall include at least one (1) Director who is a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least three (3) years working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one (1) of the associations specified in Part II of the said Schedule.

No Alternate Director shall be appointed a member of the Committee.

The members of the Committee shall elect a Chairman from among their number who shall be an Independent Director.

In the event of any vacancy in the Committee which results in a breach in the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the vacancy must be filled within three (3) months.

The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

audit committee report

Authority

The Committee is authorized by the Board, and at the cost of the Company, to:

1. investigate any matter within its Terms of Reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company or the Group;
4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
5. be able to obtain independent professional or other advice;
6. convene meetings with external auditors, excluding the attendance of the executive members.

Functions

The functions of the Committee shall be, amongst others:

1. review the following and report the same to the Board:

   a. the nature and scope of the audit plan, the evaluation of the system of internal control and the audit report with the external auditors; the assistance given by the employees of the Company or Group to the external auditors;
   b. the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its works;
   c. the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;
   d. the quarterly results and year end financial statements, prior to approval by the Board of Directors, focusing on:
      i. changes in or implementation of major accounting policies and practices;
      ii. significant audit adjustments from the external auditors;
      iii. the going concern assumption; and
      iv. compliance with accounting standards and other legal requirements;
   e. any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
2. consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
3. approve any appointment or termination of senior staff members of the internal audit function and review any appraisal or assessment of the performance of its members;
4. consider the major findings of internal investigations and management's response;
5. review the risk management framework adopted within the Group and satisfy that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a timely manner which result in minimizing losses and maximizing opportunities of the Group;
6. any other function as may be required by the Board from time to time.

Conduct of Meetings

The Chairman shall call for meetings to be held not less than four (4) times in a year. Any member of the Committee may at any time, and the Secretary shall on requisition of the member, summon a meeting.

Except in the case of an emergency, seven (7) days notice of meeting shall be given in writing to all members.

A quorum of meeting shall be a majority of Independent Directors. Meeting shall be chaired by the Chairman, and in his absence, by an Independent Director.

Decision shall be made by a majority of votes.

The Head of Finance, Head of Internal Audit and the Company Secretary shall normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Committee. A representative of the external auditors shall attend the meeting to consider the final audited financial statements and such other meetings determined by the Committee.

The Chairman shall exercise the right to require those who are in attendance to leave the room when matters to be discussed are likely to be hampered by their presence or confidentiality of matters needed to be preserved.

Reporting Procedure

The Company Secretary shall record the proceeding of meetings. Minutes shall be circulated to all members of the Board.

The Committee shall prepare, for the Board and for inclusion in the Company's annual report, a summary of its activities in the discharge of its functions and duties for the financial year.

The Committee may report to the stock exchange of a matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

In discharging its responsibilities for the financial year, the Committee, in particular:

* reviewed the quarterly and year end financial statements and made recommendations to the Board.
* deliberated over the internal audit and compliance reports.
* reviewed and assisted in the development and implementation of sound and effective internal control and business system within the Group.
* reviewed the external auditors' scope of work and audit plan for the year.
* discussed and reviewed with the external auditors the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit.
* reviewed the Company's compliance with regards to the Listing Requirements of the Bursa Securities and compliance with updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board.
* reviewed the related party transactions of the Company and the Group to ensure that all such transactions are reflected in the annual report.
* reviewed the key risks and their related control strategies of the Group.

INTERNAL AUDIT FUNCTION

The Committee is supported by Systems & Internal Audit Department, which reports functionally to the Committee and is independent of the activities they audit.

During the financial year, the Systems & Internal Audit Department carried out, inter alia, the following activities:

* formulated and agreed with the Committee on the audit plan, strategy and scope of work.
* reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system.
* analyzed and assessed certain key business processes, report findings, and made recommendations to improve their effectiveness and efficiency.
* other on going assurance and advisory work to the Board and management.

The Systems & Internal Audit Department also assists the Risk Management Committee to compile the key factors in identifying, evaluating and mitigating the risks of the Group.

SHARE CAPITAL

Authorised	:	RM100,000,000
Issued and Fully Paid-up	:	RM67,200,000
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS
as at 30 March 2007

Size of Holdings	No. of Holders	%	No. of Shares Held	%
1 - 99	2,504	28.87	121,708	0.18
100 - 1,000	4,578	52.78	1,633,255	2.43
1,001 - 10,000	1,302	15.01	4,722,379	7.03
10,001 - 100,000	222	2.56	6,800,197	10.12
100,001 - 3,359,999	66	0.76	28,617,828	42.59
3,360,000 and above	2	0.02	24,953,333	37.13
Sub-Total	**8,674**	**100.00**	**66,848,700**	**99.48**
Treasury shares			351,300	0.52
Total	**8,674**	**100.00**	**67,200,000**	**100.00**

DIRECTORS' SHAREHOLDINGS
(as per Register of Directors' Shareholdings)

	Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1.	Dato' Tan Heng Chew	692,733	1.04	28,653,333	42.86[1]
2.	Dato' Lee Eng Guan @ Lee Eng Yuan	8,000	0.01	-	-
3.	Ngu Ew Look	10,000	0.01	-	-
4.	Yeoh Keong Lian	5,000	0.01	-	-
5.	Dato' Haji Nadzam bin Haji Mohd Din	95,050	0.14	-	-
6.	Seow Thiam Fatt	6,000	0.01	-	-
7.	Ismail bin Rautin Ibrahim	-	-	-	-

Note:

(1) *Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd and Parasand Limited pursuant to Section 6A of the Companies Act, 1965.*

shareholders' statistic

As at 30 March 2007

SUBSTANTIAL SHAREHOLDERS
(as per Register of Substantial Shareholders)

	Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1.	Tan Chong Consolidated Sdn Bhd	15,213,333	22.76	13,440,000	20.11 (1)
2.	Parasand Limited	13,440,000	20.11	-	-
3.	Dato' Tan Heng Chew	692,733	1.04	28,653,333	42.86 (2)
4.	Tan Eng Soon	70,000	0.10	28,653,333	42.86 (2)
5.	Dato' Tan Kim Hor	153,742	0.23	28,653,333	42.86 (2)
6.	Dato' Tan Boon Pun	205,221	0.31	28,653,347	42.86 (3)
7.	Dr. Tan Kang Leong	500	- (4)	28,653,333	42.86 (2)
8.	Tan Kheng Leong	13,500	0.02	28,653,333	42.86 (2)
9.	Dato' Tan Hoe Pin	8,000	0.01	28,653,333	42.86 (2)
10.	Tan Beng Keong	1,000	- (4)	28,653,333	42.86 (2)
11.	Dr. Tan Ban Leong	30,000	0.04	28,653,333	42.86 (2)
12.	Tan Chee Keong	15,000	0.02	28,653,333	42.86 (2)

Notes:

(1) Deemed interests by virtue of interest in Parasand Limited pursuant to Section 6A of the Companies Act, 1965.
(2) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd and Parasand Limited pursuant to Section 6A of the Companies Act, 1965.
(3) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd, Parasand Limited and Progroup Nominees Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
(4) Less than 0.01%.

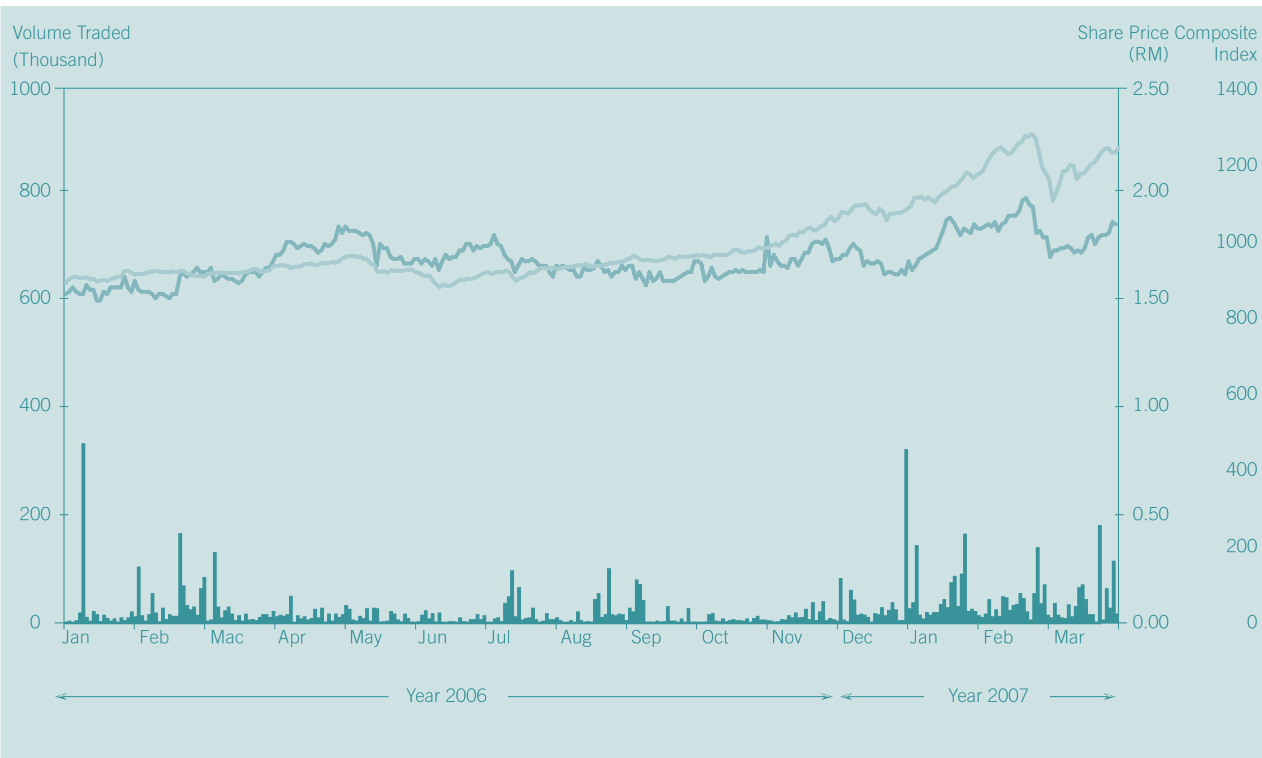
THIRTY LARGEST SHAREHOLDERS

	Name	No. of Shares Held	%
1	Parasand Limited	13,440,000	20.1051
2	Tan Chong Consolidated Sdn Bhd	11,513,333	17.2230
3	Mayban Nominees (Tempatan) Sdn Bhd *Tan Chong Consolidated Sdn Bhd (N14011984860)*	2,250,000	3.3658
4	M & A Securities Sdn Bhd *IVT (B)*	2,176,400	3.2557
5	Tan Boon Hooi	1,516,671	2.2688
6	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Austral International Holdings Limited*	1,396,100	2.0884
7	F.I.T Nominees (Asing) Sdn Bhd *Platinum Broking Co Ltd for Modern Dynasty Limited*	1,300,000	1.9447

THIRTY LARGEST SHAREHOLDERS *(continued)*

	Name	No. of Shares Held	%
8	Key Development Sdn Berhad	1,130,000	1.6904
9	HSBC Nominees (Asing) Sdn Bhd *Coutts BK Von Ernst SG for Cyber Structure Ltd*	1,100,000	1.6455
10	Cimsec Nominees (Tempatan) Sdn Bhd *Allied Investments Limited for Tan Chong Consolidated Sdn Bhd*	1,000,000	1.4959
11	F.I.T Nominees (Asing) Sdn Bhd *Platinum Broking Co Ltd for Super Oriental Limited*	1,000,000	1.4959
12	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Drylon Holdings Limited*	1,000,000	1.4959
13	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Haveling Estates Limited*	900,000	1.3463
14	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Noble Pacific Mutual Fund Limited*	774,000	1.1578
15	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB for Khor Swee Wah @ Koh Bee Leng (MM1208)*	722,969	1.0815
16	Gan Teng Siew Realty Sdn Berhad	692,500	1.0359
17	Chinchoo Investment Sdn Berhad	583,700	0.8732
18	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd *Kim Eng Securities Pte Ltd for Lem Kim Wan & Lim Hong Gee*	548,000	0.8198
19	M & A Securities Sdn Bhd *Pedigree Limited*	484,000	0.7240
20	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Chong Consolidated Sdn Bhd (014011528927)*	450,000	0.6732
21	Wong Yu @ Wong Wing Yu	418,000	0.6253
22	Yeo Khee Nam	410,000	0.6133
23	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Tan Heng Chew (MM1063)*	369,200	0.5523
24	Rengo Malay Estate Sendirian Berhad	330,000	0.4937
25	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB for Koh Bee Hoon (M1208B)*	330,000	0.4937
26	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)*	313,755	0.4693
27	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teo Siew Lai (Margin)*	300,000	0.4488
28	M & A Nominee (Tempatan) Sdn Bhd *Titan Express Sdn Bhd*	294,600	0.4407
29	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB-Principal Asset Management Berhad for Pensions Trust Fund Council*	286,100	0.4280
30	Pacific & Orient Insurance Co Berhad	274,000	0.4099
	TOTAL	**47,303,328**	**70.7618**

share price and volume traded



Volume Traded
(Number of shares traded for the day)

Share Price
(closing price for the day)

Bursa Malaysia Securities
Berhad Composite Index
(closing index for the day)

Location	Description	Land Area (sq. feet)	Built-up Area (sq. feet)	Tenure/ Expiry Date	Net Book Value (RM million)	Age of Building (years)	Date of acquisition	Year of revaluation
18 Jalan Segambut Pusat 51200 Kuala Lumpur	Office & vehicle storage yard	17,574	18,160	Leasehold 16.6.2067	1.7	30	1.10.1977	1984
Lot 9 Jalan Delima 1/1 Subang Hi Tech Indutrial Park 40000 Shah Alam Selangor	Showroom, office workshop & vehicle storage yard	98, 349	53,766	Freehold	4.4	14	20.12.1990	-
43 Jalan IMJ 3 Taman Industry Malim Jaya 75050 Melaka	Office and workshop	11,087	3,700	Leasehold 18.11.2095	0.4	10	12.12.1996	-
19 Jalan Bertam 8 Taman Daya 81100 Johor Bahru Johor	Office and workshop	8,456	7,553	Freehold	0.7	14	20.5.2000	-
1A Jalan Kemajuan 13/1 Section 13 46200 Petaling Jaya Selangor	Office and warehouse	94,596	33,900	Leasehold 10.6.2058	11.4	32	10.9.2004	2006
Lot 29 Jalan Delima 1/3 Subang Hi Tech Industrial Park 40000 Shah Alam Selangor	Showroom, office workshop and vehicle storage yard	125,871	40,808	Freehold	7.8	14	2.3.2004	-

statement on directors' responsibility for preparing the annual audited financial statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and their results for the financial year.

In preparing the financial statements for the year ended 31 December 2006, the Directors have:

1. adopted the appropriate accounting policies, which are consistently applied;
2. made judgments and estimates that are reasonable and prudent; and
3. ensured that the applicable approved accounting standards in Malaysia and provisions of the Companies Act, 1965 are complied with.

The Directors have the responsibility for ensuring that the Company and the Group keep proper and adequate accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and to ensure that the financial statements comply with the requirements of the Companies Act, 1965. The Directors have the 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.

financial statements

directors' report

for the year ended 31 December 2006

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

Principal activities

The Company is principally engaged in investment holding and the provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 32 to the financial statements. There has been no significant change in the nature of these activities during the financial year except as disclosed in Note 32.

Results

	Group RM'000	Company RM'000
Profit for the year	20,061	13,670

Reserves and provisions

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

Dividends

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

(i) a final dividend of 4% tax exempt per share and special dividend of 2% less tax per share totalling RM3,655,680 in respect of the financial year ended 31 December 2005 on 22 June 2006;

(ii) an interim dividend of 4% less tax per share totalling RM1,934,525 in respect of the financial year ended 31 December 2006 on 2 October 2006.

The final dividend recommended by the Directors in respect of the financial year ended 31 December 2006 is 5% less tax payable to shareholders whose names appear in the Register of Members on 24 May 2007.

Directors of the Company

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

Dato' Tan Heng Chew
Dato' Lee Eng Guan @ Lee Eng Yuan
Ngu Ew Look
Yeoh Keong Lian
Dato' Haji Nadzam bin Haji Mohd Din
Ismail bin Rautin Ibrahim
Seow Thiam Fatt

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

	Number of ordinary shares			
	At 1.1.2006	**Bought**	**Sold**	**At 31.12.2006**
Shareholdings in which Directors have direct interests				
Interests in the Company:				
Dato' Tan Heng Chew	581,983	99,500	-	681,483
Dato' Lee Eng Guan @ Lee Eng Yuan	8,000	-	-	8,000
Ngu Ew Look	10,000	-	-	10,000
Yeoh Keong Lian	-	5,000	-	5,000
Dato' Haji Nadzam bin Haji Mohd Din	95,000	50	-	95,050
Seow Thiam Fatt	-	6,000	-	6,000
Shareholdings in which Directors have deemed interests				
Interests in the Company:				
Dato' Tan Heng Chew	28,653,333	-	-	28,653,333

By virtue of his interests in the shares of the Company, Dato' Tan Heng Chew is deemed interested in the shares of the subsidiaries during the financial year to the extent that Warisan TC Holdings Berhad has an interest. Details of his deemed shareholdings in non-wholly owned subsidiary is shown in Note 32 to the financial statements.

The other Director holding office at 31 December 2006 did not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Group, the Company and/or its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than a Director who has significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business and the sale of a property and rental income receivable and rental expense payable from/to companies in which the Director concerned has significant financial interests and is disclosed in Note 30 to the financial statements.

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

Issue of shares

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

Share Buy-back

On 17 May 2006, the shareholders of the Company granted approval to the Company to buy-back its own shares. During the financial year, the Company bought from the open market 158,100 of its issued ordinary shares of RM1.00 each ("WTCH Shares") listed on the Main Board of Bursa Malaysia Securities Berhad at an average buy-back price of RM1.70 per ordinary share. The total consideration paid for the share buy-back of WTCH Shares by the Company during the financial year, including transaction costs, was RM268,636 and was financed by internally generated funds. The WTCH Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. None of the treasury shares held were resold or cancelled during the financial year.

As at 31 December 2006, the Company held 158,100 WTCH Shares as treasury shares out of its total issued and paid-up share capital of 67,200,000 WTCH Shares. Such treasury shares are held at a carrying amount of RM268,636. Further information are as disclosed in Note 15 to the financial statements.

Options granted over unissued shares

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

Significant event during the year

On 16 January 2006, a subsidiary of the Company entered into a Sale and Purchase Agreement with a subsidiary of Tan Chong Motor Holdings Berhad for the disposal of a piece of property held under title number PN4914 Lot No. 73, Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan for a total cash consideration of RM14,200,000. The disposal was completed on 2 May 2006.

Other statutory information

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

(i) all known bad debts have been written off and adequate provision made for doubtful debts, and

(ii) all current assets have been stated at the lower of cost and net realisable value.

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

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

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

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

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

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

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

In the opinion of the Directors, except for the gain on disposal of a subsidiary's property as disclosed in Note 21 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2006 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated that they do not wish to seek re-appointment.

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

Ngu Ew Look **Yeoh Keong Lian**

Kuala Lumpur
6 April 2007

statement by directors

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

In the opinion of the Directors, the financial statements set out on pages 44 to 96 are, except for pages 47 and 48 which are expressed in USD equivalent, drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2006 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

Ngu Ew Look **Yeoh Keong Lian**

Kuala Lumpur
6 April 2007

statutory declaration

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

I, Chua Tian Pang, the officer primarily responsible for the financial management of Warisan TC Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 44 to 96 are, except for pages 47 and 48 which are expressed in USD equivalent, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 6 April 2007

Chua Tian Pang
MIA: 12361

Before me:
Mohd Radzi bin Yasin
No. W327
Commisinoner for Oaths
(Pesuruhjaya Sumpah)

Kuala Lumpur
6 April 2007

report of the auditors

to the members of Warisan TC Holdings Berhad

We have audited the financial statements set out on pages 44 to 96, except for pages 47 and 48 which are expressed in USD equivalent. The preparation of the financial statements is the responsibility of the Company's Directors.

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

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe 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 applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:

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

    (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

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

The subsidiaries and jointly controlled entity in respect of which we have not acted as auditors are identified in Note 32 and Note 6 to the financial statements respectively and we have considered their financial statements and the auditors' report thereon.

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

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

KPMG	**Hew Lee Lam Sang**
Firm Number: AF 0758	Partner
Chartered Accountants	Approval Number: 1862/10/07(J)

Kuala Lumpur
6 April 2007

balance sheets

at 31 December 2006

	Note	Group		Company	
		2006	2005	2006	2005
		RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	**108,575**	116,507	**1,071**	11,422
Investment property	4	**-**	-	**12,000**	-
Investment in subsidiaries	5	**-**	-	**72,559**	72,478
Investment in jointly controlled entities	6	**23,122**	20,081	**24,568**	24,568
Other investments	7	**10**	10	**-**	-
Lease receivables	8	**4,185**	3,380	**-**	-
Deferred tax assets	9	**857**	849	**134**	161
Intangible assets	10	**606**	606	**-**	-
Total non-current assets		**137,355**	141,433	**110,332**	108,629
Inventories	11	**39,922**	35,281	**-**	-
Receivables, deposits and prepayments	8	**46,092**	44,441	**4,202**	2,133
Current tax assets		**1,557**	1,469	**726**	323
Cash and cash equivalents	12	**47,821**	54,995	**32,144**	37,044
Total current assets		**135,392**	136,186	**37,072**	39,500
Total assets		**272,747**	277,619	**147,404**	148,129

balance sheets

at 31 December 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Equity					
Share capital	13	**67,200**	67,200	**67,200**	67,200
Reserves	13	**(41,132)**	(41,011)	**930**	-
Retained earnings	14	**173,777**	159,178	**30,628**	22,548
Treasury shares	15	**(269)**	-	**(269)**	-
Total equity attributable to shareholders of the Company		**199,576**	185,367	**98,489**	89,748
Minority interest	16	**477**	605	**-**	-
Total equity		**200,053**	185,972	**98,489**	89,748
Liabilities					
Borrowings	17	**8,501**	15,373	**-**	-
Employee benefits	18	**469**	397	**57**	41
Deferred tax liabilities	9	**6,452**	7,324	**-**	-
Total non-current liabilities		**15,422**	23,094	**57**	41
Payables and accruals	19	**32,808**	28,890	**48,858**	58,340
Borrowings	17	**21,862**	36,870	**-**	-
Current tax liabilities		**2,602**	2,793	**-**	-
Total current liabilities		**57,272**	68,553	**48,858**	58,340
Total liabilities		**72,694**	91,647	**48,915**	58,381
Total equity and liabilities		**272,747**	277,619	**147,404**	148,129

The notes on pages 54 to 96 are an integral part of these financial statements.

income statements

for the year ended 31 December 2006

	Note	Group 2006 RM'000	Group 2005 RM'000 Restated	Company 2006 RM'000	Company 2005 RM'000
Revenue	20	**216,195**	263,153	**21,389**	7,317
Cost of sales	20	**(168,854)**	(189,650)	**-**	-
Gross profit		**47,341**	73,503	**21,389**	7,317
Other income		**10,229**	10,084	**395**	123
Distribution expenses		**(22,977)**	(39,777)	**-**	-
Administrative expenses		**(14,895)**	(17,260)	**(3,264)**	(3,254)
Other expenses		**(1,131)**	(1,209)	**(244)**	(16)
Results from operating activities		**18,567**	25,341	**18,276**	4,170
Interest income		**1,588**	1,369	**1,164**	998
Interest expense		**(1,461)**	(2,080)	**(946)**	(889)
Operating profit	21	**18,694**	24,630	**18,494**	4,279
Share of profit after tax of jointly controlled entities	6	**3,736**	1,764	**-**	-
Profit before tax		**22,430**	26,394	**18,494**	4,279
Tax expense	23	**(2,369)**	(3,725)	**(4,824)**	(484)
Profit for the year		**20,061**	22,669	**13,670**	3,795
Attributable to:					
Shareholders of the Company		**20,189**	22,664	**13,670**	3,795
Minority interest		**(128)**	5	**-**	-
Profit for the year		**20,061**	22,669	**13,670**	3,795
Basic earnings per ordinary share (sen)	24	**30.1**	33.7		

The notes on pages 54 to 96 are an integral part of these financial statements.

consolidated balance sheets

at 31 December 2006 (In USD equivalent)

	2006 USD'000	2005 USD'000
Assets		
Property, plant and equipment	**30,758**	30,904
Investment in jointly controlled entities	**6,550**	5,326
Other investments	**3**	3
Lease receivables	**1,186**	896
Deferred tax assets	**243**	225
Intangible assets	**172**	161
Total non-current assets	**38,912**	37,515
Inventories	**11,309**	9,358
Receivables, deposits and prepayments	**13,057**	11,788
Current tax assets	**441**	390
Cash and cash equivalents	**13,547**	14,588
Total current assets	**38,354**	36,124
Total assets	**77,266**	73,639
Equity		
Share capital	**19,037**	17,825
Reserves	**(11,652)**	(10,878)
Retained earnings	**49,229**	42,222
Treasury shares	**(76)**	-
Total equity attributable to shareholders of the Company	**56,538**	49,169
Minority interests	**135**	160
Total equity	**56,673**	49,329
Liabilities		
Borrowings	**2,408**	4,078
Employee benefits	**133**	105
Deferred tax liabilities	**1,828**	1,943
Total non-current liabilities	**4,369**	6,126
Payables and accruals	**9,294**	7,663
Borrowings	**6,193**	9,780
Current tax liabilities	**737**	741
Total current liabilities	**16,224**	18,184
Total liabilities	**20,593**	24,310
Total equity and liabilities	**77,266**	73,639

The information presented on this page does not form part of the audited financial statements of the Group.
Figures for 2006 and 2005 are converted into USD equivalent using the exchange rates of RM3.53 = USD1.00 and RM3.77 = USD1.00 respectively which approximate that prevailing on the balance sheet dates.

consolidated income statements

for the year ended 31 December 2006 (In USD equuivalent)

	2006 USD'000	2005 USD'000
Revenue	**61,245**	69,802
Cost of sales	**(47,834)**	(50,305)
Gross Profit	**13,411**	19,497
Other income	**2,898**	2,675
Distribution expenses	**(6,509)**	(10,551)
Administrative expenses	**(4,220)**	(4,578)
Other expenses	**(320)**	(321)
Results from operating activities	**5,260**	6,722
Interest income	**450**	363
Interest expense	**(414)**	(552)
Operating profit	**5,296**	6,533
Share of profit after tax of jointly controlled entities	**1,058**	468
Profit before tax	**6,354**	7,001
Tax expense	**(671)**	(988)
Profit for the year	**5,683**	6,013
Attributable to:		
Shareholders of the Company	**5,719**	6,012
Minority interest	**(36)**	1
Profit for the year	**5,683**	6,013
Basic earnings per ordinary share (cents)	**8.5**	8.9

The information presented on this page does not form part of the audited financial statements of the Group.
Figures for 2006 and 2005 are converted into USD equivalent using the exchange rates of RM3.53 = USD1.00 and RM3.77 = USD1.00 respectively which approximate that pevailing on the balance sheet dates.

consolidated statement of changes in equity

for the year ended 31 December 2006

Group	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
		Attributable to shareholders of the Company								
		Non-distributable					*Distributable*			
At 1 January 2005		67,200	615	(41,614)	-	-	141,218	167,419	-	167,419
Investment by minority shareholders		-	-	-	-	-	-	-	600	600
Foreign exchange differences translation		-	-	-	(12)	-	-	(12)	-	(12)
Net losses not recognised in the income statement		-	-	-	(12)	-	-	(12)	-	(12)
Profit for the year		-	-	-	-	-	22,664	22,664	5	22,669
Dividends to shareholders	25	-	-	-	-	-	(4,704)	(4,704)	-	(4,704)
At 31 December 2005/ 1 January 2006		67,200	615	(41,614)	(12)	-	159,178	185,367	605	185,972
Foreign exchange differences translation		-	-	-	(121)	-	-	(121)	-	(121)
Net losses not recognised in the income statement		-	-	-	(121)	-	-	(121)	-	(121)
Profit for the year		-	-	-	-	-	20,189	20,189	(128)	20,061
Treasury shares acquired		-	-	-	-	(269)	-	(269)	-	(269)
Dividends to shareholders	25	-	-	-	-	-	(5,590)	(5,590)	-	(5,590)
At 31 December 2006		**67,200**	**615**	**(41,614)**	**(133)**	**(269)**	**173,777**	**199,576**	**477**	**200,053**

Note 13

statement of changes in equity

for the year ended 31 December 2006

Company	Note	Share capital RM'000	Revaluation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
		Non-distributable			*Distributable*	
At 1 January 2005		67,200	-	-	23,457	90,657
Profit for the year		-	-	-	3,795	3,795
Dividends to shareholders	25	-	-	-	(4,704)	(4,704)
At 31 December 2005/ 1 January 2006		67,200	-	-	22,548	89,748
Effect of adopting FRS 140		-	930	-	-	930
Treasury shares acquired		-	-	(269)	-	(269)
Profit for the year		-	-	-	13,670	13,670
Dividends to shareholders	25	-	-	-	(5,590)	(5,590)
At 31 December 2006		**67,200**	**930**	**(269)**	**30,628**	**98,489**
		Note 13		Note 15		

The notes on pages 54 to 96 are an integral part of these financial statements.

cash flow statements

for the year ended 31 December 2006

	Note	Group 2006 RM'000	Group 2005 RM'000 Restated	Company 2006 RM'000	Company 2005 RM'000
Cash flows from operating activities					
Profit before tax		**22,430**	26,394	**18,494**	4,279
Adjustments for:					
Allowance for diminution in value of investment		**-**	-	**228**	-
Amortisation of goodwill		**-**	88	**-**	-
Dividend income	20	**-**	-	**(20,544)**	(6,563)
Depreciation	3	**21,151**	19,801	**411**	332
Gain on disposal of subsidiary's business		**-**	(4,837)	**-**	-
(Gain)/Loss on disposal of property, plant and equipment		**(6,939)**	(2,867)	**-**	(30)
Property, plant and equipment written off		**574**	6	**-**	-
Interest expense		**1,461**	2,080	**946**	889
Interest income		**(1,588)**	(1,369)	**(1,164)**	(998)
Loss on foreign exchange - unrealised		**48**	179	**-**	-
Retirement benefits charged	18	**132**	125	**18**	16
Write back of provision for retirement benefits		**-**	(1,033)	**-**	(302)
Share of profit of equity accounted jointly controlled entities		**(3,736)**	(1,764)	**-**	-
Operating profit/(loss) before changes in working capital		**33,533**	36,803	**(1,611)**	(2,377)
Change in inventories		**(4,546)**	(3,884)	**-**	-
Change in receivables, deposits and prepayments		**(2,504)**	6,949	**(2,069)**	760
Change in payables and accruals		**3,918**	(9,254)	**(9,482)**	18,780
Cash generated from/(used in) operations		**30,401**	30,614	**(13,162)**	17,163

cash flow statements

for the year ended 31 December 2006

	Note	Group 2006 RM'000	Group 2005 RM'000 Restated	Company 2006 RM'000	Company 2005 RM'000
Cash generated from/(used in) operations		**30,401**	30,614	**(13,162)**	17,163
Income taxes paid		**(3,773)**	(5,313)	**(5,444)**	(1,680)
Income tax refund		**245**	873	**245**	873
Interest paid		**(1,461)**	(2,080)	**(946)**	(889)
Interest received		**1,588**	1,369	**1,164**	998
Retirement benefits paid		**(60)**	(192)	**(2)**	-
Placement of pledged deposits		**-**	(15)	**-**	-
Net cash generated from/(used in) operating activities		**26,940**	25,256	**(18,145)**	16,465
Cash flows from investing activities					
Investment in jointly controlled entities	(ii)	**-**	-	**-**	(16,568)
Subscription to subsidiary share capital		**-**	-	**(309)**	-
Dividends received		**-**	-	**20,544**	6,563
Dividend received from jointly controlled entity		**600**	-	**-**	-
Proceeds from disposal of property, plant and equipment		**20,361**	9,223	**104**	105
Purchase of property, plant and equipment	3	**(27,215)**	(38,876)	**(1,235)**	(319)
Investment by minority shareholder		**-**	600	**-**	-
Proceeds from disposal of subsidiary's business	(ii)	**-**	4,568	**-**	-
Net cash (used in)/generated from investing activities		**(6,254)**	(24,485)	**19,104**	(10,219)
Cash flows from financing activities					
Dividends paid to shareholders of the Company	25	**(5,590)**	(4,704)	**(5,590)**	(4,704)
Buy back of shares		**(269)**	-	**(269)**	-
Proceeds from bills payable		**60,952**	116,138	**-**	-
Repayment of bills payable		**(76,021)**	(108,870)	**-**	-
Proceeds from term loan		**-**	3,000	**-**	-
Repayment of term loan		**(6,811)**	(5,553)	**-**	-
Net cash (used in)/generated from financing activities		**(27,739)**	11	**(5,859)**	(4,704)

	Note	Group 2006 RM'000	Group 2005 RM'000 Restated	Company 2006 RM'000	Company 2005 RM'000
Net (decrease)/increase in cash and cash equivalents		**(7,053)**	782	**(4,900)**	1,542
Cash and cash equivalents at beginning of year		**54,920**	54,150	**37,044**	35,502
Foreign exchange differences		**(121)**	(12)	**-**	-
Cash and cash equivalents at end of year	(i)	**47,746**	54,920	**32,144**	37,044

Notes to cash flow statement:

(i) Cash and cash equivalents

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Cash and bank balances	**7,191**	8,847	**411**	718
Deposits (excluding deposits pledged)	**40,555**	46,073	**31,733**	36,326
	47,746	54,920	**32,144**	37,044

(ii) Disposal of assets and liabilities

In year 2005, the Group disposed of Tung Pao Sdn. Bhd.'s business and related assets to Shiseido Malaysia Sdn. Bhd., a jointly controlled entity. The disposal had the following effect on the Group's assets and liabilities as at 1 October 2005.

	2005 RM'000
Property, plant and equipment	1,127
Current assets	10,335
Total assets disposed	11,462
Gain on disposal of business	9,674
Total consideration	21,136
Shiseido Malaysia Sdn. Bhd.'s shares allotted to the Company	(16,568)
	4,568

The notes on pages 54 to 96 are an integral part of these financial statements.

notes to the financial statements

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

Registered office
62-68 Jalan Ipoh
51200 Kuala Lumpur.

Principal place of business
Lot 1A Jalan Kemajuan
Seksyen 13
46200 Petaling Jaya.

The consolidated financial statements as at and for the year ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in jointly controlled entities. The financial statements of the Company as at and for the year ended 31 December 2006 do not include other entities.

The Company is principally engaged in investment holding and the provision of management services, whilst the principal activities of the subsidiaries are stated in Note 32 to the financial statements.

1. Basis of preparation

(a) Statement of compliance

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

The MASB has issued a number of new and revised Financial Reporting Standards (FRSs) that are effective for accounting periods beginning after 1 January 2006 or available for early adoption.

The MASB has issued the following Financial Reporting Standards (FRSs) and Interpretations that have the following effective date and that have not been applied in preparing these financial statements:

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

1. Basis of preparation *(continued)*

(a) Statement of compliance *(continued)*

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

The Group and the Company plan to apply FRS 117, FRS 124 and the Amendment to FRS 119_{2004} initially for the annual period beginning 1 January 2007 and to apply the rest of the above mentioned FRSs (except for FRS 6 as explained below and FRS 139 which effective date has yet to be announced) and Interpretations for the annual period beginning 1 January 2008.

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

FRS 6 is not applicable to the Group and the Company. Hence, no further disclosure is warranted.

The initial application of the other standards and interpretations are not expected to have any material impact on the financial statements of the Group and the Company except as disclosed in Note 33.

The financial statements were approved by the Board of Directors on 6 April 2007.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities as explained in their respective accounting policy notes:

- Investment property
- Non-current assets and disposal groups held for sale

1. Basis of preparation *(continued)*

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 2(f) - valuation of investment property
- Note 2(q) - recognition of unutilised tax losses and capital allowances
- Note 3 - change in estimates for property, plant and equipment

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

Subsidiaries acquired from TCMH Group* pursuant to an internal reorganisation are consolidated using the merger method of accounting. HairBiz College of Hairdressing Professionals Sdn. Bhd (formely known as TC Beauty Services Sdn. Bhd.) is consolidated using the acquisition method of accounting.

- TCMH Group refers to companies in the Tan Chong Motor Holdings Berhad Group before the reorganisation and demerger of the Autoparts and NonMotor Divisions of TCMH Group.

2. Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(i) Subsidiaries *(continued)*

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

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

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

(ii) Joint ventures

Jointly controlled entities

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

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

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

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

(iii) Transactions eliminated on consolidation

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

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

2. Significant accounting policies *(continued)*

(b) Foreign currency

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses.

The Group has availed itself of the transitional provision when MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain land and buildings of the Group were stated at Directors' valuation based on professional valuation on the existing use base conducted in 1984 and no later valuation has been recorded for the property, plant and equipment.

It is the Group's policy to state property, plant and equipment at cost. Revaluation of certain properties in 1984 was carried out primarily for the purpose of issuing bonus shares then in certain subsidiaries and was not intended to effect a change in the accounting policy to one of revaluation of properties.

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

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

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

(ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statement.

2. Significant accounting policies *(continued)*

(c) Property, plant and equipment *(continued)*

(ii) Reclassification to investment property *(continued)*

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised directly in equity. Any loss is recognised immediately in the income statement.

(iii) Subsequent costs

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

(iv) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not amortised. Leasehold land is amortised in equal instalments over the period of the respective leases which range from 55 to 99 years. Buildings are depreciated on a straight-line basis over the shorter of 50 years or the lease period.

The cost of other property, plant and equipment for the current and comparative periods are depreciated over the term of their estimated useful lives at the following annual rate:

Plant, machinery, equipment and equipment for lease	15% - 50%
Furniture, fixtures, fittings and office equipment	10% - 50%
Motor vehicles, coaches and motor vehicles for lease	10% - 20%

The depreciable amount is determined after deducting the residual value.

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

(v) Change in estimates

Estimates in respect of certain items of plant and equipment were revised in 2006 (see note 3).

(d) Leased assets

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

Other leases are operating leases and, except for leasehold land classified as investment property, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

2. Significant accounting policies *(continued)*

(e) Intangible assets

Goodwill

Goodwill/negative goodwill arises on the acquisition of subsidiaries, associates and joint ventures.

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

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

Goodwill is measured at cost and is no longer amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment. When the excess is negative (negative goodwill), it is recognised immediately in the income statement. With the adoption of FRS 3, the carrying amount of negative goodwill at 1 January 2006 is derecognised with a corresponding adjustment to the opening balance of retained earnings.

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

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

Amortised goodwill

Before the adoption of FRS 3, goodwill was measured at cost less accumulated amortisation and impairment losses. Goodwill was amortised from the date of initial recognition over its estimated useful life of not more than 10 years. Impairment tests on goodwill were performed when there were indications of impairment.

Following the adoption of FRS 3, goodwill is measured at cost and is no longer amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment.

(f) Investment property

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

In the previous years, all investment property were stated at cost. In accordance with FRS 140, investment properties can be carried either at cost or fair value. The Group has adopted the fair value method of measuring investment properties with effect from 1 January 2006. Following the adoption of FRS 140, all investment property are measured initially at cost and subsequently at fair value with any change therein recognised in the income statement.

2. Significant accounting policies *(continued)*

(f) Investment property *(continued)*

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon disposal of the investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the income statement.

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio annually.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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

In the previous year, all investment properties were included in investment. Following the adoption of FRS 140, Investment Property, these investment properties are now classified separately.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the specific identification / weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress / manufactured inventories / finished goods, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Receivables

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

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

Receivables are not held for the purpose of trading.

(i) Cash and cash equivalents

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

2. Significant accounting policies *(continued)*

(j) Impairment of assets

The carrying amounts of assets except for inventories, deferred tax assets, investment property that is measured at fair value and non-current assets (or disposal groups) classified as held for sale are reviewed at each reporting date to determine whether there is any indication of impairment.

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

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

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

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

(k) Share capital

Repurchase of share capital

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

2. Significant accounting policies *(continued)*

(l) Employee benefits

(i) Short term employee benefits

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

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

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

(ii) Defined benefit plans

The Group and Company's net obligation in respect of their defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value. The discount rate is the market yield at the balance sheet date on high quality corporate bonds. The calculation is performed by an actuary using the projected unit credit method.

Any increase in benefits to employees is recognised as an expense in the income statement on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the Group and Company's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the present value of the defined benefit obligation, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognsied.

(m) Payables

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

(n) Revenue

(i) Goods sold

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

2. Significant accounting policies *(continued)*

(n) Revenue *(continued)*

(ii) Services

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

(iii) Operating lease and car hire income

Operating lease and car hire income are recognised in the income statement over the terms of the lease and hire period respectively.

(iv) Finance lease income

Finance lease income is recognised in the income statement over the terms of the lease commencing from the month the lease is extended to give a constant periodic rate of interest over the remaining period of the lease receivable amount outstanding.

(v) Rental income

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

(vi) Dividend income

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

(o) Lease payments

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

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

(p) Interest income and borrowing costs

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

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred.

2. Significant accounting policies *(continued)*

(q) Tax expense

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

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

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

Deferred tax liability is recognised for all taxable temporary differences.

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

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

(r) Earnings per share

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

(s) Segment reporting

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

3. Property, plant and equipment

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant machinery and equipment RM'000	Equipment for lease RM'000	Furniture, fixtures, fittings and office equipment RM'000	Renovation RM'000	Motor vehicles and coaches RM'000	Motor vehicles for lease RM'000	Boats, rafts and cabin RM'000	Total RM'000
Group											
Cost/Valuation											
At 1 January 2005	7,849	15,557	19,055	1,600	38,415	15,598	-	37,048	23,172	104	158,398
Additions	-	-	30	5	9,822	1,569	-	8,435	19,015	-	38,876
Disposals	-	-	-	-	(9,887)	(4,529)	-	(8,703)	(2,462)	-	(25,581)
Written off	-	-	-	-	-	(28)	-	-	-	-	(28)
Adjustment	-	-	-	-	-	-	-	1,370	-	-	1,370
At 31 December 2005/ 1 January 2006	7,849	15,557	19,085	1,605	38,350	12,610	-	38,150	39,725	104	173,035
Additions	-	-	-	97	5,567	1,352	848	9,259	10,092	-	27,215
Disposals	-	(4,254)	(9,680)	-	(9,747)	(232)	-	(2,697)	(2,853)	-	(29,463)
Written off	-	-	-	-	-	(29)	-	(112)	(722)	-	(863)
Adjustment	-	-	-	-	-	-	-	(154)	154	-	-
At 31 December 2006	7,849	11,303	9,405	1,702	34,170	13,701	848	44,446	46,396	104	169,924
Representing items at:											
Cost	7,849	10,200	8,226	1,702	34,170	13,701	848	44,446	46,396	104	167,642
Directors' valuation	-	1,103	1,179	-	-	-	-	-	-	-	2,282
Closing balance	7,849	11,303	9,405	1,702	34,170	13,701	848	44,446	46,396	104	169,924
Accumulated depreciation											
At 1 January 2005	-	1,658	5,169	1,558	15,559	11,691	-	12,990	4,769	83	53,477
Charge for the year	-	260	416	24	7,597	1,440	-	5,239	4,822	3	19,801
Disposals	-	-	-	-	(7,603)	(3,354)	-	(5,647)	(1,494)	-	(18,098)
Written off	-	-	-	-	-	(22)	-	-	-	-	(22)
Adjustment	-	-	-	-	-	-	-	1,370	-	-	1,370
At 31 December 2005/ 1 January 2006	-	1,918	5,585	1,582	15,553	9,755	-	13,952	8,097	86	56,528
Charge for the year	-	202	223	22	6,887	1,237	279	5,736	6,562	3	21,151
Disposals	-	(1,233)	(4,199)	-	(6,772)	(220)	-	(1,933)	(1,684)	-	(16,041)
Written off	-	-	-	-	-	(25)	-	(42)	(222)	-	(289)
Adjustment	-	-	-	-	-	-	-	(34)	34	-	-
At 31 December 2006	**-**	**887**	**1,609**	**1,604**	**15,668**	**10,747**	**279**	**17,679**	**12,787**	**89**	**61,349**

3. Property, plant and equipment *(continued)*

Group *(continued)*	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant machinery and equipment RM'000	Equipment for lease RM'000	Furniture, fixtures, fittings and office equipment RM'000	Renovation RM'000	Motor vehicles and coaches RM'000	Motor vehicles for lease RM'000	Boats, rafts and cabin RM'000	Total RM'000
Carrying amounts											
At 1 January 2005	7,849	13,899	13,886	42	22,856	3,907	-	24,058	18,403	21	104,921
At 31 December 2005/ 1 January 2006	7,849	13,639	13,500	23	22,797	2,855	-	24,198	31,628	18	116,507
At 31 December 2006	**7,849**	**10,416**	**7,796**	**98**	**18,502**	**2,954**	**569**	**26,767**	**33,609**	**15**	**108,575**

The freehold land of RM355,152 of a subsidiary was acquired on 20 May 2000 and as at the date of this report, the freehold land title has not been transferred to the subsidiary of the Company by the State Government of Johor.

	Long term leasehold land RM'000	Building RM'000	Renovation RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Company						
Cost						
At 1 January 2005	10,200	1,300	-	93	311	11,904
Additions	-	-	-	10	309	319
Disposal	-	-	-	-	(125)	(125)
At 31 December 2005/ 1 January 2006	10,200	1,300	-	103	495	12,098
Additions	-	-	823	156	256	1,235
Fair value adjustment prior to transfer to investment property	978	(48)	-	-	-	930
Offset of accumulated depreciation on land and building transferred to investment property	(378)	(52)	-	-	-	(430)
Transfer to investment property (Note 4)	(10,800)	(1,200)	-	-	-	(12,000)
Disposal	-	-	-	(11)	(125)	(136)
At 31 December 2006	**-**	**-**	**823**	**248**	**626**	**1,697**

3. Property, plant and equipment *(continued)*

Company *(continued)*	Long term leasehold land RM'000	Building RM'000	Renovation RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Accumulated depreciation						
At 1 January 2005	189	26	-	55	124	394
Depreciation for the year	189	26	-	18	99	332
Disposal	-	-	-	-	(50)	(50)
At 31 December 2005/ At 1 January 2006	378	52	-	73	173	676
Depreciation for the year	-	-	274	36	101	411
Offset of accumulated depreciation on land and building transferred to investment property	(378)	(52)	-	-	-	(430)
Disposal	-	-	-	(6)	(25)	(31)
At 31 December 2006	**-**	**-**	**274**	**103**	**249**	**626**
Carrying amounts						
At 1 January 2005	10,011	1,274	-	38	187	11,510
At 31 December 2005/ 1 January 2006	9,822	1,248	-	30	322	11,422
At 31 December 2006	**-**	**-**	**549**	**145**	**377**	**1,071**

Revaluation

Certain land and buildings of the Group are stated at Directors' valuation based on professional valuations on the existing use basis conducted in 1984.

The net book value of the revalued properties had they been stated at cost less accumulated depreciation calculated on original cost as required by MASB 15 - Property, Plant and Equipment is not shown as the records are not available since the revaluation was done in 1984.

Change in estimates

During the year ended 31 December 2006 the Group conducted an operational efficiency review for all its machinery. There is no change in the expected useful lives of these assets but their expected residual values increased. The effect on the financial statements of this change in accounting estimates is a decrease in depreciation charge for the year for the Group by RM438,000.

3. Property, plant and equipment *(continued)*

Change in estimates *(continued)*

The expected residual value were determined based on existing current market values for assets that are of the same condition and age expected at the end of the respective group's useful lives.

4. Investment property

	Company	
	2006	**2005**
	RM'000	**RM'000**
At 1 January	**-**	-
Transfer from property, plant and equipment (Note 3)	**12,000**	-
At 31 December	**12,000**	-
Included in the above are:		
Leasehold land with unexpired lease period of more than 50 years	**10,800**	-
Building	**1,200**	-
	12,000	-

5. Investment in subsidiaries

	Company	
	2006	**2005**
	RM'000	**RM'000**
Unquoted shares, at cost	**74,487**	74,178
Less: Impairment loss	**(1,928)**	(1,700)
	72,559	72,478

Details of the subsidiaries are shown in Note 32.

6. Investment in jointly controlled entities

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Unquoted shares, at cost	**24,778**	24,778	**24,568**	24,568
Share of post acquisition reserve	**5,556**	2,515	**-**	-
Less: Group share of gain on disposal of business to jointly controlled entities	**(7,212)**	(7,212)	**-**	-
	23,122	20,081	**24,568**	24,568

The Group's interest in the assets and liabilities, revenue and expenses of jointly controlled entities are as follows:

	Group	
	2006 RM'000	2005 RM'000
Assets and liabilities		
Long term assets	**1,709**	1,169
Current assets	**36,442**	33,273
Long term and deferred liabilities	**(162)**	(166)
Current liabilities	**(14,455)**	(13,813)
	23,534	20,463
Unrealised profit eliminated	**(412)**	(382)
Net assets	**23,122**	20,081
Revenue and expenses		
Income	**53,074**	28,038
Expenses	**(47,964)**	(25,380)
Profit before tax	**5,110**	2,658
Tax expense	**(1,374)**	(894)
Net profit for the year	**3,736**	1,764

6. Investment in jointly controlled entities *(continued)*

Details of the jointly controlled entities are as follows:

Name	Principal activities	Country of incorporation	Proportion of effective ownership interest 2006 %	2005 %
Mayflower American Express Travel Services Sdn. Bhd.*	Operation of inbound tours and provision of air ticketing services	Malaysia	**70**	70
Wacoal Malaysia Sdn. Bhd.	Distribution and sale of undergarments	Malaysia	**50**	50
Shiseido Malaysia Sdn. Bhd.	Distribution and sale of cosmetics and consumer products	Malaysia	**50**	50

Company

The Company's investment in jointly controlled entities represents cost of shares in Wacoal Malaysia Sdn. Bhd. and Shiseido Malaysia Sdn. Bhd..

* The financial statements of this jointly controlled entity is audited by other auditors.

7. Other investments

	Group 2006 RM'000	2005 RM'000
Unquoted shares, at cost	**10**	10

8. Receivables, deposits and prepayments

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**33,899**	35,039	**-**	-
Less: Allowance for doubtful debts	**(3,159)**	(3,114)	**-**	-
	30,740	31,925	**-**	-
Lease receivables	**3,713**	2,832	**-**	-
Subsidiaries	**-**	-	**3,545**	1,893
Other receivables, deposits and prepayments	**11,639**	9,684	**657**	240
	46,092	44,441	**4,202**	2,133

During the year, bad debts of RM131,000 (2005 - RM10,190) were written off against the allowance for doubtful debts.

Lease receivables are receivable as follows:

Group	Lease payments 2006 RM'000	Interest 2006 RM'000	Principal 2006 RM'000	Lease payments 2005 RM'000	Interest 2005 RM'000	Principal 2005 RM'000
Less than one year	**4,351**	**(638)**	**3,713**	3,446	(614)	2,832
Between one and three years	**4,660**	**(475)**	**4,185**	3,930	(550)	3,380
	9,011	**(1,113)**	**7,898**	7,376	(1,164)	6,212

The amounts due from subsidiaries are non-trade in nature, unsecured, have no fixed term of repayment and are interest free.

Included in other receivables, deposits and prepayments of the Group are amount due from jointly controlled entities which are non trade balances of RM759,000 (2005 - RM2,304,000) and are interest free (2005 - 6%).

9. Deferred tax

The amounts, determined after appropriate offsetting, are as follows:

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000	**RM'000**	RM'000
Deferred tax assets	**857**	849	**134**	161
Deferred tax liabilities	**(6,452)**	(7,324)	**-**	-
Net tax (liabilities)/assets	**(5,595)**	(6,475)	**134**	161

9. Deferred tax *(continued)*

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets				
Provisions	**1,201**	1,359	**36**	69
Unabsorbed capital allowances	**3,611**	2,889	**119**	99
Unutilised tax losses	**47**	11	**4**	4
	4,859	4,259	**159**	172
Deferred tax liabilities				
Property, plant and equipment				
- capital allowance	**(10,185)**	(9,365)	**(25)**	(11)
- revaluation	**(248)**	(1,369)	**-**	-
Others	**(21)**	-	**-**	-
	(10,454)	(10,734)	**(25)**	(11)
Net tax (liabilities)/assets	**(5,595)**	(6,475)	**134**	161

Deferred tax liabilities and assets are offset above where there is legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

No deferred tax assets have been recognised in respect of the following items:

	Group	
	2006	**2005**
	RM'000	**RM'000**
Deductible temporary differences	**393**	315
Unabsorbed capital allowances	**7**	64
Unutilised tax losses	**1,119**	733
	1,519	1,112

The deductible temporary differences, unabsorbed capital allowances and unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

10. Intangible assets

	Goodwill RM'000
Group	
Cost	
At 1 January 2005/ At 31 December 2005	870
Effect of adopting FRS 3	(264)
At 1 January 2006, restated/ At 31 December 2006	606
Amortisation and impairment loss	
At 1 January 2005:	176
Amortisation for the year	88
At 31 December 2005/ 1 January 2006:	
Accumulated amortization	264
Effect of adopting FRS 3	(264)
At 1 January 2006, restated/ At 31 December 2006	-
Carrying amounts	
At 1 January 2005	694
At 31 December 2005 / 1 January 2006	606
At 31 December 2006	606

11. Inventories

	Group	
	2006 RM'000	**2005 RM'000**
Raw materials	**2,022**	3,104
Work-in-progress	**134**	166
Manufactured inventories	**690**	746
Trading inventories	**29,464**	24,126
Spare parts and workshop inventories	**7,612**	7,139
	39,922	35,281

11. Inventories *(continued)*

The following inventories are carried at net realisable value:

	Group	
	2006	**2005**
	RM'000	**RM'000**
Trading inventories	**1,707**	1,535
Spare parts and workshop inventories	**1,866**	1,856
	3,573	3,391

12. Cash and cash equivalents

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits are placed with:				
Licensed banks	**15,552**	12,783	**6,655**	2,961
Licensed finance companies	**-**	978	**-**	978
Other corporations	**25,078**	32,387	**25,078**	32,387
	40,630	46,148	**31,733**	36,326
Cash and bank balances	**7,191**	8,847	**411**	718
	47,821	54,995	**32,144**	37,044

Included in fixed deposits of the Group is RM75,000 (2005 - RM75,000) pledged to a licensed bank to secure banking facilities granted to a subsidiary (Note 27).

13. Capital and reserve

	Group and Company	
	2006	**2005**
	RM'000	**RM'000**
Ordinary shares of RM1.00 each		
Authorised	**100,000**	100,000
Issued and fully paid	**67,200**	67,200

13. Capital and reserve *(continued)*

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of a subsidiary which operates in Labuan, Warisan Captive Incorporated (Note 32), and is not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of the operations in Labuan, which are denominated in USD, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of the operations in Labuan are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity.

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment prior to its reclassification as investment property.

Merger reserve

Under the merger method of accounting, the results of the subsidiaries are presented as if the companies had been combined throughout the current and previous financial years. The difference between the cost of acquisition and the nominal value of the share capital and reserves of the merged subsidiaries is taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences).

14. Retained earnings

Company

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its retained profit at 31 December 2006 if paid out as dividends.

15. Treasury shares

The amounts relates to the acquisition cost of treasury shares.

On 17 May 2006, the shareholders of the Company granted approval for the Company to buy-back its own shares. During the financial year, the Company bought back from the open market, 158,100 WTCH Shares listed on the Main Board of Bursa Malaysia Securities Berhad at an average buy-back price of RM1.70 per ordinary share. The total consideration paid for the share buy-back of WTCH Shares by the Company during the financial year including transaction costs was RM268,636 and was financed by internally generated funds. The WTCH Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3 (A) (b) of the Companies Act, 1965.

As at 31 December 2006, the Company held 158,100 WTCH Shares as treasury shares out of its total issued and paid-up Share Capital of 67,200,000 shares. As at 31 December 2006, the number of outstanding shares in issue and paid-up is therefore 67,041,900 ordinary shares of RM1.00 each.

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participation in other distribution.

16. Minority shareholders' interests

This consists of the minority shareholders' proportion of share capital and reserves of non-wholly owned subsidiary.

17. Borrowings

	Group	
	2006	**2005**
	RM'000	**RM'000**
Current		
Bills payable - unsecured	**14,991**	30,060
Term loans - unsecured	**6,871**	6,810
	21,862	36,870
Non-current		
Term loans - unsecured	**8,501**	15,373

Terms and debt repayment schedule

The bills payable of the Group is subject to interest at rates ranging from 2.93% to 4.15% (2005 - 2.53% to 3.7%) per annum. The bills payable is supported by a negative pledge over the current and future assets of a subsidiary.

The term loans of the Group are subject to interest at rates ranging from 4.6% to 5.2% per annum in the first three years and 5.2% to 5.75% per annum in the next two years.

	Total RM'000	**Under 1 year RM'000**	**1 - 2 years RM'000**	**2 - 5 years RM'000**
Unsecured term loans	15,372	6,871	6,336	2,165

In connection with a term loan agreement of a subsidiary, the subsidiary has agreed with the bank on the following significant covenants:

i) to maintain a minimum net worth of at least RM25,000,000;

ii) to fully settle the outstanding term loan in the event the property financed under the term loan is sold or transferred;

iii) Warisan TC Holdings Berhad shall remain as the holding company during the tenor of the loan.

18. Employee benefits

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Recognised liability for defined benefit obligations	**469**	397	**57**	41

The Group and the Company make contributions to a defined benefit plan that provides pension benefits for employees upon retirement. Under the scheme, eligible employees are entitled to retirement benefits based on a certain percentage of total basic salary earned for the period of service less employers' EPF contribution.

Movements in the net liability recognised in the balance sheets

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net liability at 1 January	**397**	1,497	**41**	327
Benefits paid	**(60)**	(41)	**(2)**	-
Expense recognised in the income statement	**132**	125	**18**	16
Liabilities transferred	**-**	(151)	**-**	-
Overprovision	**-**	(1,033)	**-**	(302)
Net liability at 31 December	**469**	397	**57**	41

The expense is recognised in the following line items in the income statements

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Administration expenses	**67**	66	**18**	16
Distribution expenses	**65**	59	**-**	-
Total	**132**	125	**18**	16

18. Employee benefits *(continued)*

Liability for defined benefit obligations

Principal actuarial assumptions used at the balance sheet date (expressed as weighted averages):

	Group	
	2006	**2005**
	RM'000	**RM'000**
Discount rate	**6.5**	6.5
Future salary increases	**6.0**	6.0
Price inflation	**3.0**	3.0

19. Payables and accruals

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables	**20,214**	13,764	**-**	-
Other payables and accrued expenses	**12,594**	15,126	**366**	855
Subsidiaries	**-**	-	**48,492**	57,485
	32,808	28,890	**48,858**	58,340

The amounts due to subsidiaries are non-trade in nature, unsecured, have no fixed terms of repayment and are interest free except for an amount of RM22,601,174 (2005 -RM31,432,045) which is subject to interest at rates ranging from 3.0% to 3.6% (2005 - 2.6% to 3.4%) per annum.

20. Revenue

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sale of goods	**77,781**	139,613	**-**	-
Services rendered including hire income	**137,619**	122,875	**845**	754
Gross dividends	**-**	-	**20,544**	6,563
Lease interest income	**795**	665	**-**	-
	216,195	263,153	**21,389**	7,317

20. Revenue *(continued)*

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Cost of sales				
Sale of goods	**61,664**	94,829	**-**	-
Services rendered including hire income	**107,190**	94,821	**-**	-
	168,854	189,650	**-**	-

21. Operating profit

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after crediting:				
Gross dividends/tax exempt dividends from unquoted shares of:				
Subsidiaries				
- tax exempt dividend	**-**	-	**1,100**	563
- gross dividend	**-**	-	**19,444**	6,000
Bad debts recovered	**-**	2	**-**	-
Gain on disposal of property, plant and equipment	**6,939**	2,867	**-**	30
Gain on disposal of subsidiary's business	**-**	4,837	**-**	-
Gain on foreign exchange - realised	**1,159**	330	**-**	-
Management fees from subsidiaries	**-**	-	**845**	754
Rental income on land and buildings	**1,226**	1,406	**395**	93
Rental of equipment	**11,079**	12,445	**-**	-
Write back of allowance for doubtful debts	**33**	208	**-**	-
Write back of inventories written down	**478**	705	**-**	-
Write back of provision for retirement benefits	**-**	1,033	**-**	302

21. Operating profit *(continued)*

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
and after charging:				
Auditors' remuneration				
- current year	**96**	116	**24**	25
- over provision in prior year	**(1)**	-	**-**	-
Other auditors' remuneration				
- current year	**6**	4	**-**	-
- over provision in prior year	**(1)**	-	**-**	-
Allowance for doubtful debts	**209**	396	**-**	-
Allowance for diminution in value of investment	**-**	-	**228**	-
Amortisation of goodwill	**-**	88	**-**	-
Bad debts written off	**28**	20	**-**	-
Depreciation	**21,151**	19,801	**411**	332
Inventories written off	**22**	168	**-**	-
Inventories written down	**648**	1,436	**-**	-
Loss on foreign exchange - unrealised	**48**	179	**-**	-
Management fees to a related party	**135**	164	**135**	164
Property, plant and equipment written off	574	6	**-**	-
Personnel expenses (including key management personnel):				
- Contributions to Employee Provident Fund	**2,009**	2,909	**243**	179
- Wages, salaries and others	**22,188**	30,652	**1,567**	1,411
Retirement benefits charged	**132**	125	**18**	16
Rental expense on land and buildings	**1,204**	1,312	**-**	-
Rental of equipment	**222**	206	**-**	-

Included in the gain on disposal of property, plant and equipment of the Group is an amount of approximately RM5,655,000 (2005-Nil) relating to the gain on disposal of a property.

22. Key management personnel compensation

The key management personnel compensation is as follows:

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Directors:				
- Fees	**79**	72	**79**	72
- Remuneration	**869**	1,137	**668**	912
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	**35**	35	**29**	29
Total short term employee benefits	**983**	1,244	**776**	1,013

23. Tax expense

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Current tax expense				
Malaysia - current	**2,862**	4,908	**5,085**	1,357
- prior	**124**	(1,266)	**(288)**	(873)
Deferred tax expense - current year	**(694)**	563	**27**	-
- prior year	**(186)**	(480)	**-**	-
Real property gain tax	**263**	-	**-**	-
	2,369	3,725	**4,824**	484

Reconciliation of effective tax expense

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Profit before tax	**22,430**	26,394	**18,494**	4,279
Income tax using Malaysian tax rates	**6,280**	7,390	**5,178**	1,198
Change in tax rate*	**(212)**	-	**5**	-
Effect of lower tax rate for certain subsidiaries**	**(120)**	-	**-**	-
Crystalisation of revaluation reserve	**(1,117)**	-	**-**	-
Non-deductible expenses	**673**	-	**186**	66
Tax exempt income	**(3,376)**	(2,104)	**(357)**	(158)

23. Tax expense *(continued)*

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000	**RM'000**	RM'000
Reconciliation of effective tax expense *(continued)*				
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**-**	(94)	**-**	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	**-**	163	**-**	-
Other items	**40**	116	**100**	251
	2,168	5,471	**5,112**	1,357
(Over)/ Under provision in prior years				
- income tax	**124**	(1,266)	**(288)**	(873)
- deferred tax	**(186)**	(480)	**-**	-
Real property gains tax	**263**	-	**-**	-
	2,369	3,725	**4,824**	484

* With effect from year of assessment 2007, the corporate tax rate is at 27%. The Malaysian Budget 2007 also announced the reduction of corporate tax rate to 26% in 2008. Consequently deferred tax assets and liabilities are measured using these tax rates.

** With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

24. Earnings per ordinary share

Group

The calculation of basic earnings per share is based on the net profit attributable to shareholders of RM20,189,000 (2005 - RM22,664,000) and the weighted average number of ordinary shares outstanding calculated as follows:

Weighted average number of ordinary shares

	2006	2005
Issued ordinary shares at 1 January	**67,200,000**	67,200,000
Effect of treasury shares held	**(34,508)**	-
Weighted average number of ordinary shares at 31 December	**67,165,492**	67,200,000

25. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share Gross	Sen per share Net	Total Amount RM'000	Date of payment
2006				
Interim 2006 ordinary	**4.0**	**2.9**	**1,934**	2 October 2006
Final 2005 ordinary	**4.0**	**4.0**	**2,688**	22 June 2006
Special 2005 ordinary	**2.0**	**1.4**	**968**	22 June 2006
Total amount			**5,590**	
2005				
Interim 2005 ordinary	3.0	3.0	2,016	28 September 2005
Final 2004 ordinary	4.0	4.0	2,688	26 July 2005
Total amount			4,704	

Proposed final dividend for the financial year ended 31 December 2006

The proposed final dividend for the year ended 31 December 2006 of 5% less tax per share has not been accounted for in the financial statements of the Group and of the Company. This dividend will be recognised in subsequent financial reports upon approval by its shareholders.

26. Segmental information

Segment information is presented in respect of the Group's business segments. Segment information by geographical location is not provided as the activities of the Group are located principally in Malaysia.

Inter-segment pricing is determined based on negotiated terms.

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

Business segments

The Group comprises the following main business segments:

Consumer products	The manufacture and distribution of under-garments and distribution of cosmetics, health care and consumer products.
Travel and car rental	Operation of inbound and outbound tours, the hiring of cars and coaches and the sale of air tickets.
Machinery	The distribution and rental of industrial machinery and equipment.

26. Segmental information *(continued)*

	Consumer products 2006 RM'000	Consumer products 2005 RM'000 Restated	Travel and car rental 2006 RM'000	Travel and car rental 2005 RM'000 Restated	Machinery 2006 RM'000	Machinery 2005 RM'000	Other operations 2006 RM'000	Other operations 2005 RM'000 Restated	Eliminations 2006 RM'000	Eliminations 2005 RM'000	Consolidated 2006 RM'000	Consolidated 2005 RM'000 Restated
Business segments												
Revenue from external customers	**1,820**	46,061	**116,070**	99,383	**97,177**	116,323	**1,128**	1,386	**-**	-	**216,195**	263,153
Inter-segment revenue	**-**	-	**144**	223	**-**	-	**-**	-	**(144)**	(223)	**-**	-
Total revenue	**1,820**	46,061	**116,214**	99,606	**97,177**	116,323	**1,128**	1,386	**(144)**	(223)	**216,195**	263,153
Segment result	**7,527**	7,340	**6,103**	5,580	**6,675**	9,078	**523**	898	**-**	-	**20,828**	22,896
Unallocated expenses											**(2,261)**	(2,392)
Operating profit											**18,567**	20,504
Interest expense											**(1,461)**	(2,080)
Interest income											**1,588**	1,369
Share of profit of jointly controlled entities	**2,119**	538	**1,617**	1,226	**-**	-	**-**	-	**-**	-	**3,736**	1,764
Gain on disposal of a subsidiary's business											**-**	4,837
Profit before tax											**22,430**	26,394
Tax expense											**(2,369)**	(3,725)
Net profit for the year											**20,061**	22,669
Segments assets	**10,857**	19,490	**82,335**	75,099	**101,433**	103,094	**483**	641	**-**	-	**195,108**	198,324
Share of net assets in jointly controlled entities	**18,473**	16,449	**4,649**	3,632	**-**	-	**-**	-	**-**	-	**23,122**	20,081
Unallocated assets											**54,517**	59,214
Total assets											**272,747**	277,619

26. Segmental information *(continued)*

	Consumer products		Travel and car rental		Machinery		Other operations		Eliminations		Consolidated	
	2006 RM'000	2005 RM'000 Restated	2006 RM'000	2005 RM'000 Restated	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000 Restated	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000 Restated
Segment liabilities	**(1,589)**	(3,223)	**(18,163)**	(13,080)	**(13,521)**	(12,652)	**(36)**	(41)	**-**	-	**(33,309)**	(28,996)
Unallocated liabilities											**(39,385)**	(62,651)
Total liabilities											**(72,694)**	(91,647)
Capital expenditure	**623**	50	**18,709**	27,986	**6,453**	10,521	**195**	-	**-**	-	**25,980**	38,557
Unallocated capital expenditure											**1,235**	319
Total capital expenditure											**27,215**	38,876
Depreciation and amortisation	**(179)**	(839)	**(12,467)**	(10,036)	**(7,859)**	(8,593)	**(20)**	(1)	**-**	-	**(20,525)**	(19,469)
Unallocated depreciation and amortisation											**(626)**	(332)
Total depreciation and amortisation											**(21,151)**	(19,801)
Non-cash expense other than depreciation and amortisation	**(644)**	(685)	**(65)**	(59)	**(224)**	(231)	**-**	-	**-**	-	**(933)**	(975)
Unallocated non-cash expenses											**(18)**	(16)
Total non-cash expenses											**(951)**	(991)

27. Contingent liabilities

	Group 2006 RM'000	Group 2005 RM'000
Contingent liabilities:		
Bank guarantees to third parties		
for trade purposes secured by fixed deposits (Note 12)	-	120

In 2002, a former director of the Company together with a former director who served on the Board of certain subsidiaries claimed against the Company and the respective subsidiaries in relation to their non re-election as Directors of the subsidiaries. Their application for interim injunctions was dismissed with costs. The High Court has struck out their Writ and Statement of Claim on 11 July 2003. They have appealed to the Court of Appeal and at this stage, no hearing date has been fixed. Based on legal advice, the Directors of the Company are of the opinion that the appeal is unlikely to succeed and will ultimately be dismissed with costs. No provision for damages needs to be made in the financial statements for that reason.

28. Commitments

	Group 2006 RM'000	Group 2005 RM'000
Capital commitments:		
Property, plant and equipment		
- contracted but not provided for in		
the financial statements	**5,929**	2,658

29. Financial instruments

Financial risk management objectives and policies

Exposure to credit, interest rate, liquidity and foreign currency risk arises in the normal course of the Group and the Company's business. Credit and foreign currency risk in relation to the Group's core business activities are managed by the respective operating units. The Group monitors the interest rate trend on an on going basis.

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

29. Financial instruments *(continued)*

Credit risk

In respect of the operating units, credit policies that are specific to their respective industries are in place. Exposure to credit risk is monitored on an on going basis.

The Group and the Company also place a significant portion of their excess funds with licensed financial institutions. The management is of the view that credit risk exposure to licensed financial institutions is minimal.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and for the Company are represented by the carrying amount of the receivables presented in the balance sheet.

Interest rate risk

The Group and the Company's exposure to interest rate risk mainly arises through its fixed deposits, bills payable and term loans. The Group adopts a policy of ensuring their exposure to changes in interest rates on term loan is on a fixed rate basis. The management reviews the fixed deposits and bills payables rates at regular intervals.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flow.

Foreign currency risk

The Group incurs foreign currency risk mainly on purchases that are denominated in Japanese Yen. The Group monitors its exchange exposure regularly and undertakes selective hedging whenever deemed necessary.

Effective interest rates and repricing analysis

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

29. Financial instruments *(continued)*

Effective interest rates and repricing analysis *(continued)*

Group	2006 Effective interest rate per annum %	2006 Total RM'000	2006 Within 1 year RM'000	2006 1 - 5 years RM'000	2005 Effective interest rate per annum %	2005 Total RM'000	2005 Within 1 year RM'000	2005 1 - 5 years RM'000
Financial assets								
Fixed deposits	**3.39**	**40,630**	**40,630**	**-**	3.04	46,148	46,148	-
Amount due from jointly controlled entities	**-**	**-**	**-**	**-**	6.00	2,304	2,304	-
Financial liabilities								
Bills payable	**4.00**	**14,991**	**14,991**	**-**	3.08	30,060	30,060	-
Term loan	**4.57**	**15,372**	**6,871**	**8,501**	5.07	22,183	6,810	15,373
Financial assets								
Fixed deposits	**3.39**	**31,733**	**31,733**	**-**	3.04	36,326	36,326	-
Financial liability								
Amount due to subsidiaries	**3.39**	**22,601**	**22,601**	**-**	3.04	31,432	31,432	-

Recognised financial instruments

As at balance sheet date, the carrying amounts of trade and other receivables and trade and other payables approximate fair value due to the relatively short term nature of these financial instruments.

The aggregate fair values of other financial liability carried on the balance sheet as at 31 December are shown below:

	2006 Carrying amount RM'000	2006 Fair value RM'000	2005 Carrying amount RM'000	2005 Fair value RM'000
Ordinary				
Financial liability				
Fixed rate term loan	**15,372**	**14,146**	22,183	19,496

29. Financial instruments *(continued)*

Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheet reflects their current market rates at the balance sheet date.

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 31 December are:

	2006		2005	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Forward foreign exchange purchase contracts	-	(265)	-	15
Forward foreign exchange sales contracts	-	-	-	(34)

The fair value of the above forward exchange contracts is based on foreign currency contracts translated at year end rates. These forward foreign exchange contracts will mature within a year from the balance sheet date.

30. Related parties

Identity of related parties

The Group and the Company have a controlling related party relationship with its subsidiaries and substantial shareholder of the Company, Tan Chong Consolidated Sdn. Bhd.

30. Related parties *(continued)*

Transactions and balances with related parties

(i) Significant transactions and balances with Tan Chong Motor Holdings Berhad ("TCMH") Group and APM Automotive Holdings Berhad ("APM") Group, companies in which a Director of the Company, namely Dato' Tan Heng Chew is deemed to have substantial financial interests are as follows:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Transactions:				
With TCMH Group				
Sales	**(4,729)**	(11,691)	**-**	-
Services rendered	**67**	-	**-**	-
Rental income	**(326)**	(745)	**-**	-
Interest income	**(73)**	(40)	**-**	-
Purchases	**1,902**	1,968	**-**	-
Rental expense	**4**	69	**-**	-
Purchase of property, plant and equipment	**6,144**	7,226	**256**	309
Sale of a property	**(14,200)**	-	**-**	-
Insurance expense	**567**	1,083	**-**	-
Management fees	**170**	164	**135**	164

	Group	
	2006	**2005**
	RM'000	**RM'000**
With APM Group		
Purchases	**233**	188
Sales	**(2,345)**	(1,648)

30. Related parties *(continued)*

(ii) Significant transactions with jointly controlled entities other than those disclosed elsewhere in the financial statements are as follows:

	Group 2006 RM'000	Group 2005 RM'000
Sales	**(18,904)**	(8,188)
Interest income	**(5)**	(57)
Rental income	**(218)**	-
Sale of business operation	**-**	(21,136)

These transactions have been entered into in the normal course of business and/or have been established under negotiated terms.

(iii) Significant transactions with related corporations other than those disclosed elsewhere in the financial statements are as follows:

	Group 2006 RM'000	Group 2005 RM'000
Subsidiaries		
Gross dividend income	**(20,544)**	(6,563)
Management fee income	**(845)**	(754)
Interest expense	**946**	889

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

31. Operating leases

The Group leases out certain of its equipment and motor vehicle for lease under operating lease arrangement. These assets are included under property, plant and equipment (Note 3). Non-cancellable operating lease rentals are receivable as follows:

	Group 2006 RM'000	Group 2005 RM'000
Less than one year	**4,051**	2,655
Between one and five years	**3,125**	1,824
	7,176	4,479

32. Companies in the Group

The principal activities of the subsidiaries in the Group, their places of incorporation and the interest of Warisan TC Holdings Berhad are shown below:

			Effective ownership	
	Country of	interest		
Name	**Principal activities**	**incorporation**	**2006 %**	**2005 %**
Tung Pao Sdn. Bhd.	Distribution and sale of cosmetics, health care and consumer products (previously was distribution and sale of comestics and consumer products)	Malaysia	**100**	100
HairBiz College of Hairdressing Professionals Sdn. Bhd. (formerly known as TC Beauty Services Sdn. Bhd.) (100% of equity was previously held by Tung Pao Sdn. Bhd.)	Operator of hairdressing academy (previously was engaged in renting of salon equipment)	Malaysia	**100**	100
Tan Chong Apparels Sdn. Bhd.	Dormant	Malaysia	**100**	100
Tan Chong Apparels Manufacturer Sdn. Bhd.	Manufacture of under-garments	Malaysia	**100**	100
TCIM Sdn. Bhd.	Distribution and sale of material handling equipment, agriculture tractors, engines and construction equipment and parts	Malaysia	**100**	100
TCIM Esasia Sdn. Bhd.* (70% of equity is held by TCIM Sdn. Bhd.)	Manufacturing, distribution and sale of generator sets, engines, alternators and its related accessories	Malaysia	**70**	70
Jentrakel Sdn. Bhd.	Sale and rental of industrial machinery and equipment	Malaysia	**100**	100

32. Companies in the Group *(continued)*

Name	Country of Principal activities	interest incorporation	Effective ownership 2006 %	2005 %
Mayflower Acme Tours Sdn. Bhd.	Operation of inbound and outbound tours, hiring of cars and coaches and sale of air tickets	Malaysia	**100**	100
Discovery Tours (Sabah) Sdn. Bhd. (100% of equity is held by Mayflower Acme Tours Sdn. Bhd.)	Operation of inbound and outbound tours, hiring of cars and coaches and sale of air tickets	Malaysia	**100**	100
Warisan Captive Incorporated	Underwriting of captive insurance business	Labuan, Malaysia	**100**	100
Belize Holdings Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Comit Communications Technologies (M) Sdn. Bhd.	Dormant	Malaysia	**100**	100
Comit Phone (Malaysia) Sdn. Bhd.	Dormant	Malaysia	**100**	100
HairBiz Professionals Sdn. Bhd. (formerly known as HairBiz Trading Sdn. Bhd. and Telechoice Communication Sdn. Bhd.	Dormant	Malaysia	**100**	100
Angka-Tan Machinery Sdn. Bhd.	Dormant	Malaysia	**100**	100
Excess Line Sdn. Bhd. *	Dormant	Malaysia	**100**	-
Mayflower (Labuan) Pte. Ltd. *	Dormant	Labuan, Malaysia	**100**	-
Global Tracking Technologies Sdn. Bhd. **	Dormant	Malaysia	**80**	-

32. Companies in the Group *(continued)*

* the financial statements of these subsidiaries are audited by other auditors.

** the financial statements of this subsidiary is not audited as it was newly incorporated on 19 October 2006 and has remained dormant since and the Directors have not consolidated its results as it is not material to the Group.

The Company's shareholdings in non-wholly owned subsidiary are as follows:

	Ordinary shares of RM1.00 each			
	At 1.1.2006	**Bought**	**Sold**	**At 31.12.2006**
TCIM Esasia Sdn. Bhd.	1,400,000	-	-	1,400,000
Global Tracking Technologies Sdn.Bhd. (incorporated on 19.10.2006).	-	8	-	8

33. Changes in accounting policies

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

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

(i) FRS 3, ***Business Combinations*****, FRS 136,** ***Impairment of Assets and*** **FRS 138,** ***Intangible Assets***

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

Goodwill is stated at cost less accumulated impairment losses and is no longer amortised. Instead, goodwill impairment is tested annually, or when circumstances change, indicating that goodwill might be impaired.

Before adoption of FRS 3, goodwill was measured at cost less accumulated amortisation and impairment losses. Goodwill was amortised from the date of initial recognition over its estimated useful life of not more than 10 years. Impairment tests on goodwill were performed when there were indications of impairment.

Following the adoption of FRS 3, goodwill is measured at cost and is no longer amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment.

Therefore, an entity shall:

(a) from the beginning of the first annual period beginning on or after 1 January 2006, discontinue amortising such goodwill;

(b) at the beginning of the first annual period beginning on or after 1 January 2006, eliminate the carrying amount of the related accumulated amortisation with a corresponding decrease in goodwill; and

33. Changes in accounting policies *(continued)*

(c) from the beginning of the first annual period beginning on or after 1 January 2006, test the goodwill for impairment in accordance with FRS 136.

The change in accounting policy, has resulted in an increase in the net profit attributable to shareholders for the financial year ended 31 December 2006 by approximately RM88,000 due to the discontinue of amortisation of goodwill.

(ii) FRS 140, *Investment property*

Investment property is property which is held either to earn rental income or for capital appreciation or for both.

The Company had previously classified investment property as leasehold land and building within property, plant and equipment. Investment property was stated at cost less accumulated depreciation and impairment losses. Depreciation was provided on a straight-line basis over the estimated useful life. Upon the adoption of FRS 140, *Investment property*, the Company has transferred the investment property from leasehold land and building to investment property. The Company now measures all investment property at fair value with any change recognised to the income statements. In accordance with the provision of FRS 140, any difference arising at the date of transfer between the carrying amount of the investment property immediately prior to the transfer and fair value is recognized directly to equity as a revaluation of property, plant and equipment. Therefore a revaluation reserve of RM930,000 was recognized in the financial statements arising from this.

There is no effect on the comparatives or the opening balances of retained earnings for the Company except for the adjustment to revaluation reserve in the statement of changes in equity.

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of Warisan TC Holdings Berhad ("Company") will be held at 3rd Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia on Wednesday, 16 May 2007 at 3:00 p.m. to transact the following businesses:

Ordinary Business:

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

2. To declare a final dividend of 5% less income tax for the financial year ended 31 December 2006. ***Resolution 2***

3. To re-elect the following Directors, who are eligible and have offered themselves for re-election, in accordance with Article 100 of the Company's Articles of Association:

   i. Mr Ngu Ew Look ***Resolution 3***
   ii. Mr Seow Thiam Fatt ***Resolution 4***

4. To re-appoint Encik Ismail bin Rautin Ibrahim as Director in accordance with Section 129(6) of the Companies Act, 1965. ***Resolution 5***

5. To appoint auditors and to authorise the Directors to fix their remuneration.

   Messrs KPMG have indicated that they do not wish to seek re-appointment as auditors of the Company. Notices of Nomination pursuant to Section172(11) of the Companies Act,1965 have been received by the Company for the nomination of Messrs Moores Rowland, which have given their consent to act, for appointment as auditors and of the intention to propose the following Ordinary Resolution:-

   "**THAT** Messrs Moores Rowland be and are hereby appointed as auditors of the Company in place of the retiring auditors, Messrs KPMG, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors." ***Resolution 6***

Special Business:

6. To consider and if thought fit, to pass the following resolution, with or without any modification, as an ordinary resolution:

   PROPOSED GRANT OF AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

   "**THAT**, subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals and requirements of the relevant governmental/regulatory authorities (where applicable), the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue new ordinary shares of RM1.00 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to the resolution does not exceed 10% of the issued and paid-up share capital for the time being of the Company **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." ***Resolution 7***

7. To consider and if thought fit, to pass the following resolution, with or without any modification, as an ordinary resolution:

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

"**THAT**, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised, to purchase such amount of ordinary shares of RM1.00 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares purchased and/or held pursuant to this Resolution does not exceed 10% of the issued and paid-up share capital of the Company.

THAT an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Share Buy-Back.

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion to retain the shares so purchased as treasury shares (as defined in Section 67A of the Act) and/or to cancel the shares so purchased and/or to resell them and/or to deal with the shares so purchased in such other manner as may be permitted and prescribed by the Act, rules, regulations, guidelines, requirements and/or orders pursuant to the Act and/or the rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force.

THAT the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will expire:

(i) at the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;

(ii) at the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authority." ***Resolution 8***

8. To consider and if thought fit, to pass the following resolution, with or without any modification, as an ordinary resolution:

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG MOTOR HOLDINGS BERHAD GROUP

"**THAT**, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("WTCH Group") to enter into all arrangements and/or transactions with Tan Chong Motor Holdings Berhad Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the WTCH Group ("Related Parties") including those as set out in Paragraph 3.3.1.1 of the Circular to Shareholders dated 24 April 2007 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at a general meeting, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

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

Resolution 9

9. To consider and if thought fit, to pass the following resolution, with or without any modification, as an ordinary resolution:

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH APM AUTOMOTIVE HOLDINGS BERHAD GROUP

"**THAT**, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("WTCH Group") to enter into all arrangements and/or transactions with APM Automotive Holdings Berhad Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the WTCH Group ("Related Parties") including those as set out in Paragraph 3.3.1.2 of the Circular to Shareholders dated 24 April 2007 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at a general meeting, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

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

Resolution 10

10. To transact any other business of the Company of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Tenth Annual General Meeting of Warisan TC Holdings Berhad, a final dividend of 5% less income tax for the financial year ended 31 December 2006 will be paid on 21 June 2007 to shareholders whose names appear in the Register of Members on 24 May 2007.

A depositor shall qualify for the entitlement to the dividends only in respect of:

(1) shares transferred into the depositor's securities account before 4.00 p.m. on 24 May 2007 in respect of ordinary transfers;
(2) shares deposited into the depositor's securities account before 12:30 p.m. on 22 May 2007 in respect of shares exempted from mandatory deposit; and
(3) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

By Order of the Board

CHANG PIE HOON
(MAICSA 7000388)
Company Secretary

Kuala Lumpur
24 April 2007

NOTES:

1. A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.

   In the case of a corporation, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.

   An authorised nominee may appoint one proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.

   The form of proxy must be deposited at the Registered Office of the Company, 62-68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.

2. Notices of Nomination pursuant to Section 172(11) of the Companies Act, 1965, copies of which marked Annexure A and Annexure B, are enclosed.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. **Proposed Grant of Authority Pursuant to Section 132D of the Companies Act, 1965**
   The Company continues to consider opportunities to broaden the operating base and earnings potential of the Company. If any of the expansion or diversification proposals involve the issue of new shares, the Directors of the Company, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued and paid-up share capital of the Company.

   In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors of the Company be empowered, as proposed in Resolution 7, to issue shares in the Company up to an amount not exceeding in total 10% of the issued and paid-up share capital of the Company for the time being, for such purpose. This authority, unless revoked or varied at a general meeting, shall continue to be in force until the conclusion of the next annual general meeting of the Company.

2. **Proposed Share Buy-Back**
   The proposed Resolution 8, if passed, will empower the Directors of the Company to purchase up to 10% of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") by utilizing the funds allocated which shall not exceed the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   Further information on the Proposed Share Buy-Back is set out in the Circular to Shareholders dated 24 April 2007, despatched together with the Company's 2006 Annual Report.

3. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions**
   The proposed Resolutions 9 and 10, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest 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 the minority shareholders of the Company.

   Further information on Resolutions 9 and 10 are set out in the Circular to Shareholders dated 24 April 2007, despatched together with the Company's 2006 Annual Report.

statement accompanying notice of annual general meeting

DIRECTORS STANDING FOR RE-ELECTION OR RE-APPOINTMENT AT THE TENTH ANNUAL GENERAL MEETING

Mr Ngu Ew Look and Mr Seow Thiam Fatt are the Directors standing for re-election in accordance with Article 100 of the Company's Articles of Association; while Encik Ismail bin Rautin Ibrahim is the Director standing for re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

The details of these Directors are set out in their respective profiles which appear in the Directors' Profiles on pages 14 and 15 of the Annual Report. Their interests in shares in the Company as at 30 March 2007 are as follows:-

Name	No. of shares held	%
Ngu Ew Look	10,000	0.01
Seow Thiam Fatt	6,000	0.01
Ismail bin Rautin Ibrahim	-	-

They did not have any interest in shares in the subsidiaries of the Company as at 30 March 2007.

ANNEXURE A

Dato' Haji Nadzam Haji Mohd Din
19 Jalan 4F
Ampang Jaya
68000 Ampang

Date : 6 April 2007

The Board of Directors
Warisan TC Holdings Berhad ("the Company")
62-68 Jalan Ipoh
51200 Kuala Lumpur

Dear Sirs

NOTICE OF NOMINATION OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a shareholder of the Company, hereby give notice of my intention to nominate Messrs Moores Rowland for appointment as auditors of the Company in place of the retiring auditors, Messrs KPMG, and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company :-

> *"THAT Messrs Moores Rowland be and are hereby appointed as auditors of the Company in place of the retiring auditors, Messrs KPMG, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."*

Yours faithfully

DATO' HAJI NADZAM HAJI MOHD DIN

ANNEXURE B

Hew Yook Keong
No. 5, Jalan Saga SD8/5E
Bandar Sri Damansara
52200 Kuala Lumpur

Date : 6 April 2007

The Board of Directors
Warisan TC Holdings Berhad ("the Company")
62-68 Jalan Ipoh
51200 Kuala Lumpur

Dear Sirs

NOTICE OF NOMINATION OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a shareholder of the Company, hereby give notice of my intention to nominate Messrs Moores Rowland for appointment as auditors of the Company in place of the retiring auditors, Messrs KPMG, and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company :-

> *"THAT Messrs Moores Rowland be and are hereby appointed as auditors of the Company in place of the retiring auditors, Messrs KPMG, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."*

Yours faithfully

HEW YOOK KEONG

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WARISAN TC HOLDINGS BERHAD
(424834-W)
(Incorporated in Malaysia)

FORM OF PROXY

CDS account no. of authorised nominee

I/We...(*name of shareholder as per NRIC, in capital letters*)
IC No./ID No./Company No...(*new*)..(*old*)
of..(*full address*)
being a member(s) of WARISAN TC HOLDINGS BERHAD, hereby appoint...
....(*name of proxy as per NRIC, in capital letters*)
IC No...(*new*)...(*old*) or failing
him/her...(*name of proxy as per NRIC, in capital letters*)
IC No...(*new*)...(*old*) or failing him/her,
the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Tenth Annual General Meeting of the Company to be held at 3rd Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur, on Wednesday, 16 May 2007 at 3.00 p.m., and at any adjournment thereof, as indicated below:

		For	Against
Resolution 1	Financial Statements and Reports of the Directors and Auditors		
Resolution 2	Final Dividend		
Resolution 3	Re-election of Mr Ngu Ew Look as Director		
Resolution 4	Re-election of Mr Seow Thiam Fatt as Director		
Resolution 5	Re-appointment of Encik Ismail Rautin Ibrahim as Director		
Resolution 6	Appointment of Messrs Moores Rowland as Auditors		
Resolution 7	Proposed Grant of Authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 8	Proposed Renewal of Authority for the Company to Purchase its Own Shares		
Resolution 9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with Tan Chong Motor Holdings Berhad Group		
Resolution 10	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with APM Automotive Holdings Berhad Group		

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

....
Signature/Common Seal

Number of shares held: ....

Date: ....

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1	....	%
Proxy 2	....	%
Total		100%

Notes:

(1) An authorised nominee may appoint one proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.

(2) A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.

(3) In the case of a corporation, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.

The Form of Proxy must be deposited at the Registered Office of the Company, 62-68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.

fold here

Affix
Stamp
here

Company Secretary
WARISAN TC HOLDINGS BERHAD
62-68 Jalan Ipoh
51200 Kuala Lumpur

fold here

Warisan TC Holdings Berhad
(424834-W)

62-68 Jalan Ipoh
51200 Kuala Lumpur

Tel : 03 4047 8888
Fax : 03 4047 8636
E-mail : warisan@tanchong.com.my