BRITE-TECH BERHAD
(550212-U)

BRITE-TECH BERHAD
(550212-U)

ANNUAL REPORT **2006**

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of Brite-Tech Berhad will be held at Tioman Room, Bukit Jalil Golf and Country Resort, Jalan 3/155B, 57000 Kuala Lumpur on Monday, 25 June 2007 at 9.30 a.m. to transact the following business :-

AGENDA

ORDINARY BUSINESS

1. To receive and consider the Audited Accounts for the financial year ended 31 December 2006 and the Reports of the Directors and Auditors thereon. ***(Resolution 1)***

2. To declare a final gross dividend of 0.28 sen per ordinary share, less income tax, in respect of the financial year ended 31 December 2006. ***(Resolution 2)***

3. To approve the payment of Directors' fees for the financial year ended 31 December 2006. ***(Resolution 3)***

4. To re-elect the following Directors who are retiring by rotation, pursuant to Article 96 of the Articles of Association of the Company, and being eligible, offer themselves for re-election :-

   a) Mr. Pang Wee See ***(Resolution 4)***
   b) Mr. Chan Ah Kien ***(Resolution 5)***
   c) Mr. Cheng Sim Meng ***(Resolution 6)***

5. To re-elect the following Director who is retiring pursuant to Article 102 of the Articles of Association of the Company, and being eligible, offers himself for re-election :-

   a) Mr. Wong Sak Chiew ***(Resolution 7)***

6. To re-appoint S. F. Yap & Co as auditors of the Company and to authorise the Directors to fix their remuneration ***(Resolution 8)***

SPECIAL BUSINESS

7. To consider and, if thought fit, pass with or without modification, the following ordinary resolution:- ***(Resolution 9)***

   Authority pursuant to Section 132D of the Companies Act, 1965 for the Directors to issue shares

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approvals of all the relevant authorities being obtained for such allotment and issue and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8. To consider and, if thought fit, pass with or without modification, the following special resolution:- ***(Resolution 10)***

   Proposed amendments to the Articles of Association of the Company

   "THAT the Articles of Association of the Company in the form as set out in Appendix I be approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing provisions in the Articles of Association."

9. To transact any other ordinary business of the Company of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that the final gross dividend of 0.28 sen per share less income tax in respect of the financial year ended 31 December 2006, if approved by the shareholders, will be paid on 23 August 2007 to shareholders whose names appear in the Register of Depositors at the close of business on 9 August 2007. A Depositor shall qualify for dividend entitlement only in respect of :-

a) Shares transferred into Depositor's Securities Account before 4.00 p.m. on 9 August 2007 in respect of ordinary transfers;

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

By order of the Board

YIP SIEW YOONG (MAICSA 0736484)
LEONG SIEW KIT (MACS 01215)
Company Secretaries

Kuala Lumpur
31 May 2007

Notes:

1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

2. *Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*

3. *The instrument of appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*

4. *The instrument appointing a proxy must be deposited at the Registered Office at 17 & 19, 2nd Floor, Jalan Brunei Barat, 55100 Kuala Lumpur, not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof.*

5. ***Explanatory Note on Special Business – Resolution 9***

   The proposed Ordinary Resolution under Special Business, if passed, will give the Directors of the Company authority to issue shares of the Company up to an amount not exceeding in total, 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

6. ***Explanatory Note on Special Business – Resolution 10***

   The proposed Special Resolution under Special Business, if passed, would result in the adoption of the new Articles of Association of the Company, in the form as set out in Appendix I, and would streamline the Articles to comply with the recent amendments to Chapter 7 of the Listing Requirements of Bursa Malaysia Securities Berhad. The proposed amendments will not have any financial impact on the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

a) Director standing for re-election at the Sixth Annual General Meeting of the Company

The Directors retiring by rotation pursuant to Article 96 of the Company's Article of Association and seeking re-election are as follows:

- Pang Wee See *(Executive Chairman)*
- Chan Ah Kien *(Executive Director)*
- Cheng Sim Meng *(Independent Non-Executive Director)*

The Directors retiring pursuant to Article 102 of the Company's Article of Association and seeking re-election are as follows:

- Wong Sak Chiew *(Independent Non-Executive Director)*

Further details of the Directors who are standing for re-election at the Sixth Annual General Meeting are set out in the Profile of Directors on pages 6 to 8 of the Annual Report and information on their shareholdings are listed on page 68 of the Annual Report.

b) Details of attendance of Directors at Board Meetings

Four (4) Board meetings were held during the financial year from 1 January 2006 to 31 December 2006. Details of attendance of Directors at the Board meetings are as follows:-

	Name	Designation	Attendance
1.	Pang Wee See	Executive Chairman	4/4
2.	Tan Boon Kok	Executive Director	4/4
3.	Chan Ah Kien	Executive Director	4/4
4.	Kan King Choy	Executive Director	4/4
5.	Ir. Koh Thong How	Non-Executive Director (Engineering)	4/4
6.	Dr. Seow Pin Kwong	Independent Non-Executive Director	4/4
7.	Cheng Sim Meng	Independent Non-Executive Director	4/4
8.	Wong Sak Chiew (Appointed w.e.f. 26 March 2007)	Independent Non-Executive Director	–

c) Date, Time and Place of the Sixth Annual General Meeting

The Sixth Annual General Meeting of Brite-Tech Berhad will be held at Tioman Room, Bukit Jalil Golf and Country Resort, Jalan 3/155B, 57000 Kuala Lumpur on Monday, 25 June 2007 at 9.30 a.m.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Designation
PANG WEE SEE	*Executive Chairman*
TAN BOON KOK	*Executive Director*
CHAN AH KIEN	*Executive Director*
KAN KING CHOY	*Executive Director*
IR. KOH THONG HOW	*Non-Executive Director (Engineering)*
DR. SEOW PIN KWONG	*Independent Non-Executive Director*
CHENG SIM MENG	*Independent Non-Executive Director*
WONG SAK CHIEW *(Appointed w.e.f. 26 March 2007)*	*Independent Non-Executive Director*
YEE OII PAH @ YEE OOI WAH	*Alternate Director to Pang Wee See*

AUDIT COMMITTEE

Name	Designation	Directorship
DR. SEOW PIN KWONG	Chairman	*Independent Non-Executive Director*
CHENG SIM MENG	Member	*Independent Non-Executive Director*
WONG SAK CHIEW *(Appointed w.e.f. 26 March 2007)*	Member	*Independent Non-Executive Director*
KAN KING CHOY	Member	*Executive Director*

COMPANY SECRETARIES

YIP SIEW YOONG (MAICSA 0736484)
LEONG SIEW KIT (MACS 01215)

STOCK EXCHANGE LISTING

Mesdaq Market of
Bursa Malaysia Securities Berhad

REGISTERED OFFICE

17 & 19, 2nd Floor
Jalan Brunei Barat, Pudu
55100 Kuala Lumpur
Tel.: 03-2142 6689
Fax: 03-2142 7301

SHARE REGISTRAR

Bina Management Sdn. Bhd.
Lot 10, The Highway Centre,
Jalan 51/205, 46050 Petaling Jaya
Tel.: 03-7784 3922
Fax.: 03-7784 1988

AUDITORS

S. F. Yap & Co.
Off Jalan Pudu,
17 & 19, Jalan Brunei Barat,
55100 Kuala Lumpur

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad

DIRECTORS' PROFILE

PANG WEE SEE

Pang Wee See, aged 55, is the Executive Chairman of BTB. He was appointed to the Board on 25 May 2002. He graduated from University Sains Malaysia with a Bachelor of Applied Science (Hons) majoring in Polymer Science in 1977. He started his career with Asia Tape Corporation Bhd as Chemist in 1978 and later was promoted to the position of Chemist cum Factory Manager. He then moved to Federal Rubber Products Co. Sdn Bhd as Production Manager in 1979. Subsequent to this, he and three partners set up BCSB in 1980. He left Federal Rubber Products in 1984 to manage BCSB and later expanded to set up HCSB, RCSB, SLSB, SLJSB and SLPSB. As a founder of BTB Group, with his excellent entrepreneurial skills and more than 20 years of experience, he has steered BTB Group to become an established and acclaimed total solution provider in water and wastewater treatment and laboratory services. He is also a Director of BCSB, HCSB, SLSB, SLJSB, SLPSB, RCSB, BSSB, ROSB, BVSB, SUSB and TTPSB and also sits on the Board of other private companies.

Mr. Pang is the spouse of Madam Yee Oii Wah and brother-in-law of Ir. Koh Thong How. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2006.

TAN BOON KOK

Tan Boon Kok, aged 49, was appointed to the Board on 25 May 2002 as an Executive Director. Upon completion of his Form Six Level education in Tunku Abdul Rahman College in 1978, he joined Paloh Palm Oil Mill in 1979. The following year in 1980, he moved to Bukit Benut Palm Oil Mill and subsequently to Coronation Palm Oil Mill as Laboratory Conductor. He joined BCSB in 1983 as Sales Executive and later was promoted to Sales Manager in 1986. He has been with the Group for more than 17 years. He is also a Director of BCSB, HCSB, SLSB, SLJSB, SLPSB, RCSB, BSSB, ROSB, BVSB, SUSB, and TTPSB.

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) years. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2006.

CHAN AH KIEN

Chan Ah Kien, aged 44, was appointed to the Board on 25 May 2002 as an Executive Director. He co-founded HCSB in 1987 and has been with the Group for more than 13 years. He had his education in Temerloh, Pahang and completed his Sijil Pelajaran Malaysia (SPM) in 1981. He built his experience since 1981 and rose through the ranks from technician, operations, marketing and to management level, involving in industrial wastewater treatment and scheduled waste disposal. He has accumulated more than 10 years experience in industrial wastewater treatment and over the years with HCSB, he is also exposed to new advance treatment technology through close working relationship with leading overseas wastewater treatment companies in USA and Europe. He is also a Director of BCSB, HCSB, SLSB, SLJSB, SLPSB, RCSB, BSSB, ROSB, BVSB, SUSB, and TTPSB.

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) years. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2006.

KAN KING CHOY

Kan King Choy, aged 45, was appointed to the Board as an Executive Director on 25 May 2002. He joined SLSB as a Manager of the laboratory in 1990 and has been with the Group for more than 10 years. He graduated from Tunku Abdul Rahman College with a Diploma in Science and a Bachelor of Science degree in Chemistry and Mathematics from Campbell University (U.S.A.) in 1985. After graduation, he joined Sailcos Laboratories Sdn. Bhd. in 1986 as a Chemist where he remained for 4 years, familiarising with the laboratory operations and the laboratory business in general. He was admitted as a Licentiate of the Institut Kimia Malaysia in 1988 and is a member of the Association of Official Analytical Chemists (AOAC). He is also a Director of BCSB, HCSB, SLSB, SLJSB, SLPSB, RCSB, BSSB, ROSB, BVSB, SUSB, and TTPSB.

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) year. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2006. He is also a member of the Audit Committee of the Company.

IR. KOH THONG HOW

Ir. Koh Thong How, aged 52, was appointed to the Board as Non-Executive Director (Engineering) on 25 May 2002. He received a Technician Diploma from Singapore Polytechnic in 1977 and subsequently pursued his studies in United Kingdom to obtain a Bachelor of Science degree in Civil Engineering (Honours) from University of Dundee in 1980. He then furthered his studies in Asian Institute of Technology, Thailand to obtain his Master of Engineering degree in Structural Engineering and Construction in 1982. He started his career with Jurutera Konsultant (SEA) Sdn Bhd as Design Engineer in 1982 and later moved to S Chan Project Consultancy Services Sdn Bhd as Senior Engineer and was there until 1995. Thereafter he became the Technical Director (Civil and Structural) of Murray North (M) Sdn Bhd. In 1998, he left the company to venture into his own business, KP Perunding (Civil and Structural Consulting Engineers). He was admitted as a Corporate Member of the Institution of Engineers Malaysia ("IEM") in 1986 and was the Honorary Treasurer of IEM (Southern Branch) for 1988-89, 89-90 and 90-91 sessions and the Honorary Secretary of IEM (Southern Branch) for 1991-92, 92-93 and 93-94 sessions. He was registered as a Professional Engineer (Malaysia) in 1988. Since 1995, Ir. Koh Thong How has been providing advice as the engineering advisor for HCSB.

Ir. Koh is the brother-in-law of Pang Wee See. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2006.

DR. SEOW PIN KWONG

Dr. Seow Pin Kwong, aged 66, was appointed to the Board on 25 May 2002 as an Independent Non-Executive Director. He graduated from University of Malaya with a Bachelor of Science degree in Chemistry in 1967. He began his career as a teacher and subsequently pursued his studies in France to obtain a doctorate degree in Macromolecular Sciences. Upon completion of his studies, he served as a lecturer with Mara Institute of Technology in 1974 and then joined the Rubber Research Institute of Malaya ("RRIM") as Research Officer in 1975. He was seconded to Malaysian Rubber Producers' Research Association ("MRPRA") from 1979 to 1981 as Research Scientist and returned to RRIM in 1981. He was promoted to Senior Research Officer in 1984 and retired from RRIM in 1995 to join Thong Fook Plastics Industries as General Manager/Technical Adviser of Research and Development until 1997. He also served as the Senior Technical Manager of MI Pipes (M) Sdn Bhd.

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) years. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2006. He is currently the Chairman of the Audit Committee of the Company.

CHENG SIM MENG

Cheng Sim Meng, aged 51, was appointed to the Board on 25 May 2002 as an Independent Non-Executive Director. Mr. Cheng is a Chartered Insurer and is a Fellow of the Chartered Insurance Institute (UK), Fellow of the Malaysian Insurance Institute, Associate of the India Insurance Institute, Associate of the Chartered Institute of Arbitrators (UK), Associate of the Malaysian Institute of Management, and armed with a Masters degree in Business Administration from Universiti Putra Malaysia and holds various certificates in accounting. He was Associate of the Insurance Brokers Association of Malaysia and Member of the Malaysian Institute of Directors. Mr Cheng has also worked as a Research Associate during his tenure of his Masters in Business Administration studies. He is now pursuing his doctorate degree.

He has been in the insurance industry for more than twenty-nine years handling all aspects of general and life insurance in the areas of management, marketing, underwriting, claims, finance, investment, accounts and statistics, credit control, reinsurance, broking, net-working and distribution, training and leadership roles. He started his career as a clerk in a Life Insurance Company (1972-1974) and thereafter a credit controller in an general insurance company (1974-1975). He joined a local insurance company in 1975 as an accounts assistant. He assumed the position of Manager of an insurance broking company in 1978. Subsequently, he ventured into business of an insurance agency from 1982 and has remained so until 2001. Currently, he is a Senior Manager (Agency Training) with a local insurance company.

Since 1982 he is involved on a part-time basis in education. He lectures and act as course leader with the Malaysian Insurance Institute on various courses and training aspects, public seminars and conferences as well as lectures in TAR college, private institutes and colleges and financial institutions.

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) years. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2006. He is also a member of the Audit Committee of the Company.

DIRECTORS' PROFILE

WONG SAK CHIEW

Wong Sak Chiew, aged 49, was appointed to the Board on 26 March 2007 as an Independent Non-Executive Director. Mr. Wong was admitted as a member of the Malaysian Institute of Accountants since year 2000. He is also a Fellow Member of the Association of Chartered Certified Accountants, England. He completed his pre-university studies at Kilburn Polytechnic, London, England in 1980.

Mr. Wong began his career in an accounting and auditing firm in London in 1986 and later joined a property and leasing group listed on the London Stock Exchange, London in 1989 as the financial controller. He then moved on his career path by joining a property development company in 1993 as the chief accountant and returned to Malaysia in 1996.

He is now currently holding the position of the group finance manager of a property development and investment group listed on the Bursa Securities Sdn Bhd. He oversees the entire accounting and finance functions of the listed group and is primarily responsible for the financial management and business performance reporting. Mr. Wong is a senior member of the management team and also sits on the board of several subsidiary companies within the listed group.

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) years. He was appointed as a member of the Audit Committee of the Company on 26 March 2007.

MADAM YEE OII PAH @ YEE OOI WAH

Yee Oii Pah @ Yee Ooi Wah, aged 53, was appointed as an alternate Director to Pang Wee See on 25 May 2002. She obtained her Bachelor degree in Pharmacy (Hons) from Universiti Sains Malaysia in 1978. She is a registered pharmacist with the Malaysian Pharmacy Board and also a member of the Malaysian Pharmaceutical Society. Upon graduation, she underwent one year of pupilage training. In 1979, she joined Mediko Farmasi Sdn Bhd as a pharmacist. She has since accumulated over 20 years of professional experience and exposure in the pharmaceutical industry. She also sits on the Board of another private company.

Madam Yee is the spouse of Pang Wee See. She has no conflict of interest with the Company and she has not been convicted for any offences in the past ten (10) years.

Note:

BTB	-	Brite-Tech Berhad or the Company
BCSB	-	Brite-Tech Corporation Sdn. Bhd.
HCSB	-	Hooker Chemical Sdn. Bhd.
RCSB	-	Rank Chemical Sdn. Bhd.
SLSB	-	Spectrum Laboratories Sdn. Bhd.
SLJSB	-	Spectrum Laboratories (Johore) Sdn. Bhd.
SLPSB	-	Spectrum Laboratories (Penang) Sdn. Bhd.
BSSB	-	Brite-Tech (Sabah) Sdn. Bhd.
ROSB	-	Renown Orient Sdn. Bhd.
BVSB	-	Brite-Tech Ventures Sdn. Bhd.
SUSB	-	Sincere United Sdn. Bhd.
TTPSB	-	Tan Tech-Polymer Sdn. Bhd.

On behalf of the Board of Directors and the management team of Brite-Tech Berhad ("BTB Group"), I am pleased to present the Annual Report and Financial Statements of BTB Group for the financial year ended 31 December 2006.

FINANCIAL REVIEW

For the financial year ended 31 December 2006, the BTB Group registered a turnover of RM23.883 million as compared to RM21.019 million in the previous financial year, representing an increase of 13%. The BTB Group's pre-tax profit also increased to RM1.810 million, an increase of 106% as compared to the previous year's pre-tax profit of RM0.877 million.

OVERVIEW OF ENVIRONMENTAL MANAGEMENT

During the 9th Malaysia Plan, the Government will place emphasis on preventive measures to mitigate and minimise pollution as well as address other adverse environmental impacts arising from development activities. In addition, steps will be undertaken to identify and adopt action to promote sustainable natural resource management practices in relation to land, water, forest, energy and marine resources. These efforts will enhance protection of the environment and conservation of natural resources and contribute towards improving the quality of life. The strategic thrusts for addressing environmental and natural resources issues will focus on:

- Promoting a healthy living environment;
- Utilising resources sustainably and conserving critical habitats;
- Strengthening the institutional and regulatory framework as well as intensifying enforcement;
- Expanding the use of market-based instruments;
- Developing suitable sustainable development indicators; and
- Inculcating an environment-friendly culture and practice at all levels of society.

(Source: 9th Malaysia Plan 2006-2010)

RESEARCH AND DEVELOPMENT

In respect to Research & Development ("R&D"), the BTB Group's activities of evaluation of treatment chemicals and treatment process evaluation are continually on-going to meet the ever-changing requirement of its customers. Most of the activities are carried out in the BTB Group's subsidiaries, Spectrum Laboratories and the evaluation are part and parcel of the complete engineering studies carried out which includes analysis, interpretation and review. Subsequently based on the findings, the BTB Group would be able to recommend the appropriate treatment system accordingly.

The BTB Group does not incur any capital outlay for the R&D as the expenditure for the activities are expensed off.

CORPORATE DEVELOPMENTS

1. The BTB Group had on 13 February 2007 increased the paid up share capital of Brite-Tech Ventures Sdn. Bhd. ("BTV"), a subsidiary of BTB. The Company has subscribed for 249,998 new ordinary shares of RM1.00 each for a cash consideration of RM249,998 or at par and invited Aquakimia Sdn Bhd to subscribe for 250,000 new ordinary shares of RM1.00 each representing 50% of the issued and paid-up share capital of BTV for a cash consideration of RM250,000 or at par.
2. On 14 February 2007, Brite-Tech Ventures Sdn Bhd (BTV), an associate company of BTB entered into four (4) letters of intent with the Danish Ministry for the proposed sale of Certified Emission Reductions ("CERs") to be generated using wastewater treatment system called AVC Palm Oil Mill Effluent Treatment System for four (4) palm oil mills, to the Danish Ministry for an amount to be determined and negotiated later. BTV intends to develop the projects under the Clean Development Mechanism of the Kyoto Protocol and produce the CERs in collaboration with the four (4) palm oil mills.

MANAGEMENT'S DISCUSSION

PROSPECTS

The year ahead remains challenging due to the continuous competitive business conditions. The BTB Group will continue to consolidate its existing operations and concentrate on its core competencies while at the same time, improve its operational efficiency and cost management.

The BTB Group is also constantly looking for opportunities in related areas of business and intends to venture into development of projects under the Clean Development Mechanism of the Kyoto Protocol to produce Certified Emission Reductions to be generated for palm oil industry, livestock industry, sugar refining industry, to name a few.

Barring any unforeseen circumstances, I am optimistic that the performance of the BTB Group is likely to remain satisfactory for the year ahead.

UTILISATION OF PROCEEDS

The proceeds from the initial public offering have been fully utilised during the financial year ended 31 December 2005.

DIVIDENDS

As recognition of your continuous support, the Board of Directors is pleased to recommend a final gross dividend of 0.28 sen per share less income tax, for the approval of shareholders at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to the management and staff for their hard work and contribution to the Group; our valued shareholders, all regulatory authorities, bankers, customers and business associates for their co-operation and support. Finally, I would like to express my sincere appreciation and gratitude to my fellow directors for their invaluable contributions and support.

PANG WEE SEE
Executive Chairman
31 May 2006

The Board of Directors of the Company is committed to promote the highest standards of corporate governance within the Group by supporting and implementing the principles and best practices as outlined in the Malaysian Code of Corporate Governance and the relevant provisions of the Bursa Securities Listing Requirements. The Board strives to ensure that high standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Company.

1. THE BOARD

a) Composition of the Board

The Board currently consists of eight (8) members, comprising an Executive Chairman, three (3) Executive Directors, one (1) Non-Executive Director (Engineering) and three (3) Independent Non-Executive Directors.

The Company considers that its complement of non-executive directors provides an effective Board with a mix of industry-specific knowledge and broad business and commercial experience. The balance enables the Board to provide clear and effective leadership of the Company and to bring informed and independent judgment to many aspects of the Company's strategy and performance so as to ensure the highest standards of conduct and integrity are maintained throughout the Group.

No individual or group of individuals dominates the Board's decision making and the number of directors fairly reflects the investment of the shareholders.

The Board has a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Company is firmly in its hands.

b) Board Meetings

The Board meets every quarter and additional meetings are held as and when necessary. The Board met four (4) times during the year ended 31 December 2006. Details of each Director's attendance at Board meetings are set out in the Statement Accompanying Notice Of Annual General Meeting.

c) Supply of Information

The Board assumes the following responsibilities:

- reviewing and adopting a strategic plan for the Group;
- overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

All Directors receive appropriate and timely information which includes an agenda prior to the Board meetings to enable the Board to discharge its duties. The Board receives information that is not just historical and bottom line and financial-oriented but information that is beyond assessing the quantitative performance of the Group and looks at other performance factors such as customer satisfaction, product and service quality, market share, market reaction, environmental performance. This enables the Board to deal with any item on the agenda to facilitate informed decision-making and thus enable the Board to discharge its duties effectively.

1. THE BOARD (CONTINUED)

c) Supply of Information (Continued)

All Directors have full access to information pertaining to all matters for the purpose of making decisions.

There is an agreed procedure for the Directors to take independent professional advice at the Company's expense, if necessary. All Directors have access to the advice and services of the Company Secretary who ensures compliance with statutory obligations, Listing Rules of the Bursa Securities or other regulatory requirements. The removal of the Company Secretary shall be a matter for the Board as a whole.

d) Retirement and Re-election of Directors

In accordance with the Company's Articles of Association, at least one third of the Directors shall retire by rotation from office at least once in every three (3) years and offer themselves for re-election. All Directors who are appointed by the Board shall subject themselves for re-election by shareholders at the next Annual General Meeting immediately after their appointment.

e) Directors' Training

All the Directors with the exception of Mr Wong Sak Chiew, who was appointed on 26 March 2007, have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysts Malaysia, an affiliate company of the Bursa Malaysia Securities Berhad.

The Directors are encouraged to attend relevant training programmes, seminars and courses to keep abreast with development in the business environment as well as with the new regulatory and statutory requirements.

2. DIRECTORS' REMUNERATION

The Group's remuneration scheme for Executive Directors is linked to performance, seniority, experience and scope of responsibility and is benchmarked to market/industry practises. For Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by them.

The number of directors whose aggregate remuneration during the financial year ending 31 December 2006 which falls within the following bands is as follows:

Band of Remuneration	Executive Directors	Non-Executive Directors
RM 50,000 and below	–	3
RM 50,001 – RM100,000	–	–
RM100,001 – RM150,000	–	–
RM150,001 – RM200,000	–	–
RM200,001 – RM250,000	3	–
RM250,001 and above	1	–

The Board do not consider it appropriate to disclose the remuneration of each individual Director so as to preserve a degree of privacy.

3. BOARD COMMITTEES

a) Audit Committee

The composition and the terms of reference of the Audit Committee are set out in the Audit Committee Report on pages 16 and 17 of this Annual Report.

b) Remuneration Committee

The present members of the Remuneration Committee are as follows:

Chairman:	DR. SEOW PIN KWONG	*(Independent Non-Executive Director)*
Members:	CHENG SIM MENG	*(Independent Non-Executive Director)*
	KAN KING CHOY	*(Executive Director)*

The Committee's roles include making recommendations to the Board on the remuneration framework for Executive Directors of the Group as well as reviewing and recommending annual remuneration adjustments of the Executive Directors, where necessary, with the emphasis being placed on performance and comparability with market practises and the performance of the Group.

The Board, as a whole, determines the remuneration of the Executive and Non-Executive Directors and the individual Director is required to abstain from discussing his own remuneration.

c) Nomination Committee

The present members of the Nomination Committee are as follows:

Chairman:	DR. SEOW PIN KWONG	*(Independent Non-Executive Director)*
Members:	CHENG SIM MENG	*(Independent Non-Executive Director)*
	KAN KING CHOY	*(Executive Director)*

The Committee's roles include review and recommending of candidates to the Board for directorships and seats of Board committees. The Committee is also responsible for assessing the effectiveness of the Board and the various committees of the Board as a whole, and contribution of all members of the Board. It also reviews the appropriate Board balance and size, and that the Board has the required mix of expertise, skills and experience.

4. ACCOUNTABILITY AND AUDIT

a) Financial Reporting

The Board of Directors aims to provide and present a balanced and understandable assessment of the Group's financial performance and prospects through the annual financial statements, quarterly announcements to shareholders as well as Chairman's Statement and Financial Review in the Annual Report. In this respect, the Audit Committee assists the Board by overseeing the Group's financial reporting processes and the quality of the financial reporting.

b) Internal Control

The Board acknowledges its responsibility for the Group's system of internal controls that is designed to identify and manage the risks to which the Group is exposed. However, the Board recognizes that such system is structured to manage rather than eliminate possibility of encountering risk of failure to achieve corporate objectives.

4. ACCOUNTABILITY AND AUDIT (CONTINUED)

b) Internal Control (Continued)

The Company has outsourced its internal audit functions to an independent professional firm.

The Group's overall internal controls system includes :
- clearly established policies and procedures;
- regular review and update of policies and procedures to meet business needs;
- clearly defined job responsibilities and appropriate segregation of duties; and
- regular internal audits to monitor compliance with policies, procedures, external regulations and assess integrity of financial information.

These are covered in more detail in the "Statement of Internal Controls" in pages 19 and 20.

c) Relationship with the Auditors

The Board has established a transparent relationship with the external auditors through the Audit Committee, which has been accorded the power to communicate directly with the external auditors, towards ensuring compliance with the accounting standards and other related regulatory requirements.

5. RELATIONSHIP WITH SHAREHOLDERS

The Board maintains an effective communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decisions.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:

a) the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on Audit Committee and Board of Directors; and

b) various announcements made to the Bursa Securities, which includes announcement on quarterly results.

In addition, the Annual General Meeting ("AGM") provides an opportunity for the shareholders to seek and clarify any matter pertaining to the business and financial performance of the Group. The Board encourage shareholders to attend and participate in the AGM held annually.

6. STATEMENT OF COMPLIANCE WITH THE CODE

The Group endeavours, in so far as it is applicable, towards achieving compliance with the best practices of good governance to the recommendations of the Malaysian Code on Corporate Governance.

7. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible in the preparation of financial statements prepared for each financial year to give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flow of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have:

- adopted suitable accounting policies and apply them consistently;
- made judgments and estimates that are reasonable and prudent; and
- ensured that applicable approved accounting standards have been complied with.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and ensuring that the financial statements comply with the applicable Accounting Standards of Malaysia, the Companies Act 1965 and Bursa Securities Listing Requirements.

AUDIT COMMITTEE REPORT

1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee currently comprises the following members:

Chairman:	DR. SEOW PIN KWONG	*(Independent Non-Executive Director)*
Members:	CHENG SIM MENG	*(Independent Non-Executive Director)*
	WONG SAK CHIEW *(Appointed w.e.f. 26 March 2007)*	*(Independent Non-Executive Director)*
	KAN KING CHOY	*(Executive Director)*

2. TERMS OF REFERENCE

a) Constitution

The Audit Committee was established on 2002, with terms of reference as set out below.

b) Composition of Audit Committee

The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall consist of at least three (3) Directors, the majority of whom are independent. The members of the Audit Committee shall elect a Chairman from amongst its members who shall be an Independent Non-Executive Director. The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three years to determine whether the Audit Committee has carried out their duties according with their terms of reference.

c) Meetings

The Audit Committee shall meet not less than four (4) times per year and as and when necessary. The quorum of each meeting shall be a minimum of two (2) members of which the majority must be Independent Non-Executive Directors. The presence of external auditors can be requested if required while other members of the Board and employees may attend the meeting upon the invitation of the Committee. The secretary to the Audit Committee shall be the Company Secretary and minutes of each meeting shall be distributed to each member of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board.

d) Authority

The Audit Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference. The Committee shall have unrestricted access to information, records, properties and personnel of the Company and has direct communication channels with the external auditors and person(s) carrying out the internal audit function. The Committee shall have all the resources it needs to perform its duties at the cost of the Company including the right to appoint independent professionals to advice the Committee.

Notwithstanding the above, the Committee does not have executive powers, and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Company.

e) Duties and Responsibility

The duties and responsibilities of the Audit Committee shall include the following:

(i) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;

(ii) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

2. TERMS OF REFERENCE (CONTINUED)

e) Duties and Responsibility (Continued)

(iii) To discuss with the external auditor on the evaluation of the system of internal controls and the assistance given by the employees to the external auditors.

(iv) To review and report to the Board if there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment.

(v) To review the quarterly and year-end financial statements of the Board, focusing particularly on:
- Any changes in the accounting policies and practices;
- Significant adjustments arising from the audit;
- The going concern assumption; and
- Compliance with accounting standards and other legal requirements.

(vi) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of the management where necessary);

(vii) To review the external auditor's management letter and the management's response;

(viii) To do the following where the internal audit function is outsourced:
- review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(ix) To consider any related party transactions that may arise within the Company or the Group;

(x) To consider the major findings of internal investigations and the management's response;

(xi) To consider other topics as defined by the Board from time to time.

3. SUMMARY OF ACTIVITIES

The Audit Committee held four (4) meetings during the financial year ended 31 December 2006. All members of the Committee attended the meetings during the year, except Mr. Wong Sak Chiew, who was appointed on 26 March 2007.

The activities of the Audit Committee during the financial year ended 31 December 2006 include the following:

(i) review the Group's year end audited financial statements presented by the external auditors and recommend the same to the Board for approval;

(ii) review the quarterly financial result announcements;

(iii) review audit plan of external auditors;

(iv) review related party transactions within the Group;

(v) review the scope of work and audit plan of the internal audit consultants for 2006 as well as review the internal audit reports issued, which covered amongst others, areas such as project management, quality assurance, purchasing, inventory management, human resource management, health & safety and investor relation.

3. SUMMARY OF ACTIVITIES (CONTINUED)

(vi) review the effectiveness of the Group's system of internal control;

(vii) review the Company's compliance with Bursa Securities Listing Requirements, Malaysian Accounting Standards Board and other relevant legal and regulatory requirements; and

(viii) consider and recommend to the Board for approval the audit fees payable to external auditors.

4. INTERNAL AUDIT FUNCTION

The Group has since March 2004 outsourced its Internal Audit function to internal audit consultants to advise and assist in the Internal Audit functions of the Group within the framework as directed by the Audit Committee, which is in accordance with Bursa Securities Statement On Internal Control: Guidance For Directors Of Public Listed Companies. The internal audit activities during the financial year covered amongst others, areas such as project management, quality assurance, purchasing, inventory management, human resource management, health & safety and investor relation.

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the companies' assets.

The Board is pleased to provide the following Statement on Internal Control which outlines the nature and scope of internal controls of the Group during the year pursuant to Section 15.27(b) of the Bursa Securities Listing Requirements.

RESPONSIBILITIES

The Board of Directors acknowledges its responsibility and reaffirms its commitment in recognising the importance of effective system of internal control and risk management practices to enhance good corporate governance. In this respect the Board is responsible for identifying principal risks, ensuring the implementation of appropriate systems to manage these risks and reviewing the adequacy and integrity of the Group's systems of internal control. However, it should be noted that risk management system and system of internal control are only designed to manage and control risk appropriately rather than eliminate the risks of failure to achieve business objectives. Therefore, these systems can only provide reasonable, but not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT

The Board fully supports the contents of the Internal Control Guidance issued by The Institute of Auditor Malaysia and have established an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the year.

The Board of Directors, with the assistance of outsourced internal audit consultants, review the Group Risk Profile which covers all major identified and significant risks and controls associated with the Group's businesses. In this respect, internal audits are carried out in accordance with the audit plan approved by the Board and focuses on the identified areas of risks with priority towards the management of the significant risks impacting the achievement of the business objectives of the Group. This Group Risk Profile is subjected to regular reviews in line with changes in its business environment, strategies and activities.

The internal controls are established after considering the overall control environment of the Group. The systems are designed to achieve proper balance between risks undertaken and the potential returns to shareholders. The Group adopts an enterprise wide risk management policy. This policy framework has since identified and managed the significant risks affecting the Group as a whole taking into consideration both the internal and external factors.

INTERNAL CONTROL

The Board has considered the system of internal control in operation during the financial year and some of the key elements are summarized as follows:

- Periodic Board and management meetings to review financial performance and business operations of the Group;
- A comprehensive annual budget is prepared for the Group and approved by the Board. Management accounts/reports are prepared and the actual performance is compared against the budget on a monthly basis and explanations sought for significant variances;
- A management organisation structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority;
- Through the internal audit process, the effectiveness of the internal control procedures are subject to continuous assessment, reviews and improvements;

INTERNAL CONTROL (CONTINUED)

- Continuous reviews on established systems to ensure compliance with policies, plans, procedures and regulations which have a material impact to the Company and the Group's operations and well-being;
- The Audit Committee reviews the quarterly financial results, annual report, audited financial statements, Group's risk profile and internal control issues identified by the External Auditors, Internal Auditors and the management; and
- The outsourced internal audit function reviews the adequacy and integrity of the system of internal control. The internal audit function reports its findings to the Audit Committee on quarterly basis. During the financial year, some areas of improvement to internal control were identified and addressed. Nevertheless, the identified weaknesses in the internal control have not resulted in any losses and/or require further disclosure in this Statement.

The Board recognises that the systems of internal control must continuously improve in line with the growth of the Group and evolving business environment. Therefore, the Board is committed to put in place adequate plans, where necessary, to continuously improve the Group's system of internal control.

CONCLUSION

For the financial year under review, after due consideration and careful inquiry and based on the information and assurance provided, the Board is satisfied that there were no material losses as a result of weaknesses in the system of internal control, that requires separate disclosure in the Company's Annual Report.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to subsidiary companies. The principal activities of the subsidiary companies are as set out in Note 3 in the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit after taxation for the financial year	1,328,942	607,075
Attributable to:		
Shareholders of the Company	1,298,386	607,075
Minority interest	30,556	–
	1,328,942	607,075

DIVIDEND

A final gross dividend on ordinary share of 0.28 sen per share, less tax at 28%, amounting to RM302,400 in respect of the financial year ended 31 December 2005 was paid by the Company on 23 August 2006.

The Directors proposed a final gross dividend on ordinary shares of 0.28 sen per share, less tax at 27%, amounting to RM306,600 in respect of the financial year ended 31 December 2006 subject to the approval of members at the forthcoming Annual General Meeting.

MOVEMENTS ON RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS OF THE COMPANY

Directors who served on the Board of the Company since the date of the last report are as follows:

PANG WEE SEE
TAN BOON KOK
CHAN AH KIEN
KAN KING CHOY
IR. KOH THONG HOW
DR. SEOW PIN KWONG
CHENG SIM MENG
YEE OII PAH @ YEE OOI WAH (F) *(Alternate director to Pang Wee See)*
WONG SAK CHIEW (Appointed w.e.f. 26/3/2007)

In accordance with Article 96 of the Company's Articles of Association, Mr. Pang Wee See, Mr Chan Ah Kien and Mr Cheng Sim Meng retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with the Article 102 of the Company's Articles of Association, Mr Wong Sak Chiew retire at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interest of Directors in office at the end of the financial year in the ordinary shares of the Company are as follows:

	Number of ordinary shares of RM0.10 each			
Shares in the Company **Direct interest**	**Balance At 1/1/2006**	**Bought**	**Sold**	**Balance At 31/12/2006**
PANG WEE SEE	67,352,894	–	–	67,352,894
TAN BOON KOK	14,774,978	–	–	14,774,978
CHAN AH KIEN	15,007,826	–	–	15,007,826
KAN KING CHOY	6,080,858	–	–	6,080,858
IR. KOH THONG HOW	290,000	–	–	290,000
DR. SEOW PIN KWONG	182,000	–	–	182,000
YEE OII PAH @ YEE OOI WAH *(Alternate director to Pang Wee See)*	290,000	–	–	290,000

By virtue of their interests in the shares of the Company, all the above directors are also deemed to be interested in the shares of all the subsidiary companies to the extent that the Company has an interest.

Other than disclosed above, none of the directors in office at the end of the financial year held any interest in shares in any related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than those included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

BAD AND DOUBTFUL DEBTS

Before the income statements and the balance sheets were made out, the Directors took reasonable steps to ascertain that action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and the balance sheets were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realize in the ordinary course of business their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected to realize.

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

a) any charge on the assets of the Group and of the Company, which has arisen since the end of the financial year which secures the liabilities of any other person, or
b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or in the financial statements which would render any amounts stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year ended 31 December 2006 were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which the report is made, other than those disclosed in Note 32 in the notes to the financial statements.

OPTIONS

No options has been granted during the year ended covered by the income statement to take up unissued shares of the Group and of the Company.

AUDITORS

The retiring auditors, MESSRS S.F.YAP & CO., have indicated their willingness to be re-appointed in accordance with section 172(2) of the Companies Act, 1965.

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

PANG WEE SEE
Director

KAN KING CHOY
Director

Kuala Lumpur
Dated : 24 April 2007

STATEMENT BY DIRECTORS

pursuant to sub-section (15) of section 169 of the Companies Act, 1965

We, **PANG WEE SEE** and **KAN KING CHOY**, being two of the Directors of **BRITE-TECH BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements of the Group and of the Company as set out on pages 28 to 67 are 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 as at 31 December 2006 and of the results of their operations and cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

PANG WEE SEE
Director

KAN KING CHOY
Director

Kuala Lumpur
Dated : 24 April 2007

STATUTORY DECLARATION

pursuant to sub-section (16) of section 169 of the Companies Act, 1965

I, **PANG WEE SEE**, the Director primarily responsible for the financial management of **BRITE-TECH BERHAD**, do solemnly and sincerely declare that the accompanying financial statements of the Group and of the Company as set out on pages 28 to 67 are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Kuala Lumpur)
in the State of Federal Territory)
on this 24 day of April 2007.)

PANG WEE SEE

Before me,

COMMISSIONER FOR OATHS

REPORT OF THE AUDITORS

to the members of Brite-Tech Berhad (Incorporated in Malaysia)

We have audited the financial statements as set out on pages 28 to 67. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe 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 as at 31 December 2006 and of the results of their operations and cash flows of the Group and of the Company 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 by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 3 to the financial statements, being financial statements that are included in the consolidated financial statements.

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

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

S.F. YAP & CO.
NO. AF 0055
CHARTERED ACCOUNTANTS

YAP SEONG FATT
NO. 398 / 04 / 08 (J)
CHARTERED ACCOUNTANT

Kuala Lumpur,
Dated : 24 April 2007

BALANCE SHEETS
as at 31 December 2006

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
PROPERTY, PLANT AND EQUIPMENT	2	14,104,230	15,127,582	61,332	69,464
INVESTMENTS IN SUBSIDIARY COMPANIES	3	–	–	18,854,549	18,854,549
OTHER INVESTMENT	5	20,000	20,000	–	–
INTANGIBLE ASSET					
GOODWILL ON CONSOLIDATION	6	5,418,052	5,418,052	–	–
CURRENT ASSETS					
Inventories	7	3,107,892	3,469,369	–	–
Trade receivables	8	7,780,889	8,425,466	–	–
Other receivables, deposits and prepayments	9	346,127	430,764	3,500	14,000
Tax recoverable		1,436,213	1,362,213	19,766	21,928
Amount due from subsidiary companies	10	–	–	5,630,523	5,023,562
Fixed deposits with licensed banks	27	1,977,769	914,949	550,000	650,000
Cash and bank balances	11	1,124,844	1,155,086	279,427	33,107
		15,773,734	15,757,847	6,483,216	5,742,597
CURRENT LIABILITIES					
Amount due to contract customers	12	18,073	13,016	–	–
Trade payables	13	1,916,355	3,029,920	–	–
Other payables and accruals	14	750,063	728,518	56,939	57,551
Borrowings	15	1,899,369	1,920,710	–	–
Amount due to subsidiary companies	10	–	–	1,338,519	1,189,862
Amount due to directors		600,806	413,057	371,679	92,000
Provision for taxation		2,889	11,273	–	–
		5,187,555	6,116,494	1,767,137	1,339,413
NET CURRENT ASSETS		10,586,179	9,641,353	4,716,079	4,403,184
		30,128,461	30,206,987	23,631,960	23,327,197

BALANCE SHEETS
as at 31 December 2006

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
CAPITAL AND RESERVES					
SHARE CAPITAL	16	15,000,000	15,000,000	15,000,000	15,000,000
RESERVES	17	13,941,710	12,945,702	8,626,527	8,321,852
SHAREHOLDERS' EQUITY		28,941,710	27,945,702	23,626,527	23,321,852
MINORITY INTEREST		659,306	628,741	–	–
TOTAL EQUITY		29,601,016	28,574,443	23,626,527	23,321,852
LONG TERM AND DEFERRED LIABILITIES					
Deferred tax liabilities	18	344,155	294,147	5,433	5,345
Payables	19	–	632,128	–	–-
Borrowings	15	183,290	706,269	–	–
		30,128,461	30,206,987	23,631,960	23,327,197

The annexed notes form an integral part of, and should be read in conjunction with these financial statements.

INCOME STATEMENTS

for the year ended 31 December 2006

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
REVENUE	20	23,883,545	21,019,118	2,177,346	1,757,530
Cost of sales		(15,117,102)	(13,345,443)	–	–
GROSS PROFIT		8,766,443	7,673,675	2,177,346	1,757,530
Other operating income		273,747	148,984	–	–
Administrative and other operating expenses		(7,080,605)	(6,781,083)	(1,335,417)	(1,220,165)
PROFIT FROM OPERATIONS		1,959,585	1,041,576	841,929	537,365
Interest income		26,521	84,177	16,528	17,590
Finance costs		(176,061)	(248,276)	–	–
PROFIT BEFORE TAXATION	21	1,810,045	877,477	858,457	554,955
Taxation	24	(481,103)	(488,354)	(251,382)	(160,728)
NET PROFIT AFTER TAXATION FOR THE YEAR		1,328,942	389,123	607,075	394,227
Attributable to:					
Shareholders of the Company		1,298,386	476,665	607,075	394,227
Minority interest		30,556	(87,542)	–	–
		1,328,942	389,123	607,075	394,227
EARNINGS PER ORDINARY SHARE (SEN)	25	0.87	0.32		
DIVIDENDS PER ORDINARY SHARE (SEN)	31	0.28	0.28		

The annexed notes form an integral part of, and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2006

	Note	Issued and fully paid ordinary shares of RM0.10 each RM	Non-distributable Share premium RM	Non-distributable Reserve on consolidation RM	Distributable retained profits RM	Total RM	Minority interest RM	Total equity RM
Group								
Balance as at 1 January 2005		15,000,000	8,019,296	824,853	4,823,688	28,667,837	49,495	28,717,332
Acquisition of minority interest		–	–	–	–	–	666,171	666,171
Net profit for the year		–	–	–	476,665	476,665	(87,542)	389,123
Deferred taxation	18	–	–	–	–	–	617	617
Dividends - Final dividends for financial year ended 31 December 2004 (approximately 1.11 sen per share less 28% tax)	31	–	–	–	(1,198,800)	(1,198,800)	–	(1,198,800)
Balance as at 31 December 2005		15,000,000	8,019,296	824,853	4,101,553	27,945,702	628,741	28,574,443
Balance as at 31 December 2005, as previously reported		15,000,000	8,019,296	824,853	4,101,553	27,945,702	628,741	28,574,443
Effects of adopting FRS 3		–	–	(824,853)	824,853	–	–	–
Balance as at 31 December 2005, as restated		15,000,000	8,019,296	–	4,926,406	27,945,702	628,741	28,574,443
Net profit for the year		–	–	–	1,298,386	1,298,386	30,556	1,328,942
Deferred taxation	18	–	–	–	22	22	9	31
Dividends - Final dividends for financial year ended 31 December 2005 (approximately 0.28 sen per share less 28% tax)	31	–	–	–	(302,400)	(302,400)	–	(302,400)
Balance as at 31 December 2006		15,000,000	8,019,296	–	5,922,414	28,941,710	659,306	29,601,016

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2006

	Note	Issued and fully paid ordinary shares of RM0.10 each RM	Non-distributable share premium RM	Distributable retained profits RM	Total RM
Company					
Balance as at 1 January 2005		15,000,000	8,019,296	1,107,129	24,126,425
Net profit for the year		–	–	394,227	394,227
Dividends - Final dividends for financial year ended 31 December 2004 (approximately 1.11 sen per share less 28% tax)		–	–	(1,198,800)	(1,198,800)
Balance as at 31 December 2005		15,000,000	8,019,296	302,556	23,321,852
Net profit for the year		–	–	607,075	607,075
Dividends - Final dividends for financial year ended 31 December 2005 (approximately 0.28 sen per share less 28% tax)		–	–	(302,400)	(302,400)
Balance as at 31 December 2006		15,000,000	8,019,296	607,231	23,626,527

The annexed notes form an integral part of, and should be read in conjunction with these financial statements.

CASH FLOW STATEMENTS
for the year ended 31 December 2006

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit before taxation		1,810,045	877,477	858,457	554,955
Adjustments for:					
Loss on disposal of property, plant and equipment		727	–	–	–
Depreciation on property, plant and equipment		910,964	857,864	9,702	9,545
Gain on disposal of property, plant and equipment		(151,212)	(2,031)	–	–
Property, plant and equipment written off		–	18,034	–	–
Interest income		(26,521)	(84,177)	(16,528)	(17,590)
Interest expenses		176,061	248,276	–	–
Bad debts written off		118,200	1,926	–	–
Allowance for doubtful debts		133,372	393,132	–	–
Bad debt recovered		(15,340)	(30,000)	–	–
Amortisation of goodwill		–	255,494	–	–
Unrealised loss on foreign exchange		8,939	–	–	–
Operating profit before changes in working capital		2,965,235	2,535,995	851,631	546,910
Changes in working capital					
Decrease/(increase) in inventories		361,477	(496,201)	–	–
(Increase)/ decrease in trade and other receivables		484,043	(380,229)	(596,461)	5,119,828
(Decrease)/increase in trade and other payables		(903,214)	(115,121)	427,724	1,299,805
Cash generated from operations		2,907,541	1,544,444	682,894	6,966,543
Interest paid		(176,061)	(248,276)	–	–
Income tax paid		(513,448)	(778,695)	(249,132)	(171,523)
Net cash from operating activities		2,218,032	517,473	433,762	6,795,020
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of subsidiary companies		–	(6,062,563)	–	(7,061,000)
Interest received		26,521	84,177	16,528	17,590
Purchase of property, plant and equipment	26	(1,077,772)	(823,754)	(1,570)	–
Proceeds from disposal of property, plant and equipment		1,344,645	231,000	–	–
Net cash from/(used in) investing activities		293,394	(6,571,140)	14,958	(7,043,410)

CASH FLOW STATEMENTS

for the year ended 31 December 2006

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		–	66,000	–	–
Repayment of borrowings		(674,169)	(614,832)	–	–
Dividend paid		(302,400)	(1,198,800)	(302,400)	(1,198,800)
Net cash used in financing activities		(976,569)	(1,747,632)	(302,400)	(1,198,800)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,534,857	(7,801,299)	146,320	(1,447,190)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,421,975	9,223,274	683,107	2,130,297
CASH AND CASH EQUIVALENTS AT END OF YEAR	27	2,956,832	1,421,975	829,427	683,107

The annexed notes form an integral part of, and should be read in conjunction with these financial statements.

A. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under the historical cost convention (as modified by the revaluation of certain land and buildings) unless otherwise indicated in this summary of significant accounting policies.

The financial statements of the Group and of the Company have been prepared in accordance with the applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB) and provisions of the Companies Act, 1965.

The preparation of the financial statements in conformity with the applicable approved Financial Reporting Standards ("FRSs") in Malaysia and the provisions of the Companies Act, 1965 require the Directors to make estimates and assumptions that may affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. Actual results could differ from those estimates.

B. ADOPTION OF NEW AND REVISED FRSS

(i) During the financial year, the Group and the Company have adopted the new and the revised Financial Reporting Standards ("FRSs") issued by the MASB for financial periods beginning on or after 1 January 2006:-

FRS 2	Share-base payment
FRS 3	Business combinations
FRS 5	Non-current assets held for sales and discountinued operations
FRS 101	Presentation of financial statements
FRS 102	Inventories
FRS 108	Accounting policies, changes in accounting estimates and errors
FRS 110	Events after the balance sheet date
FRS 116	Property, plant and equipment
FRS 121	The effects of changes in foreign exchange rates
FRS 127	Consolidated and separate financial statements
FRS 128	Investment in associates
FRS 131	Interests in joint ventures
FRS 132	Financial instruments: Disclosure and presentation
FRS 133	Earnings per share
FRS 136	Impairment of assets
FRS 138	Intangible assets
FRS 140	Investment property

The adoption of the above FRS does not have any significant financial impact on the Group and the Company, except for FRS 3, FRS 136, FRS 138 and FRS 101. The effects of adopting the new and revised standards are set out in Note V.

(ii) At the date of authorisation of these financial statements, the following FRSs were in issue. The Company has not elected to early adopt the said FRSs:

- FRS 117: Leases (effective for annual period beginning on or after 1 October 2006)
- FRS 124: Related party disclosure (effective for annual period beginning on or after 1 October 2006)
- Amendment to FRS 119: Employee benefits - actuarial gains and losses, group plans and disclosure (effective for annual period beginning on or after 1 January 2007)
- FRS 6: Exploration for and evaluation of mineral resources (effective for annual period beginning on or after 1 January 2007)
- FRS 139: Financial instruments: recognition and measurement (effective date is yet to be determined)

By virtue of the exemption clauses on paragraph 67B of FRS 117, paragraph 22A of FRS 124 and paragraph 103AB of FRS 139, the possible impact of applying FRS 117, FRS 124 and FRS 139 is not disclosed.

The Amendment to FRS 119 and FRS 6 are not applicable to the Group and the Company and hence, no further disclosure on the possible impact on these FRSs is warranted.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 December 2006

C. BASIS OF CONSOLIDATION

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies which have been prepared in accordance with the Group's accounting policies.

The subsidiary companies are consolidated using the purchase method. Under the purchase method, the results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the date on which control is transferred to the Group and are no longer consolidated from the date control ceases.

At the acquisition date, the fair values of the subsidiary net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost the acquisition over the Group's share of fair value of the identifiable net assets of the subsidiary company acquired at the date of acquisition is reflected as goodwill or reserve on consolidation.

The gain or loss on disposal of a subsidiary company is the difference between the net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill on acquisition and exchange differences.

All significant inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and minorities' share of movements in the acquiree's equity since then.

D. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts of property, plant and equipment are initially measured at cost. Land and buildings which have been subsequently revalued, are stated at valuation less accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment where certain land and buildings are stated at their 2001 valuation less accumulated depreciation and impairment losses and no later valuation has been recorded for these property, plant and equipment.

Surpluses arising from such valuations is credited to shareholders' equity as a revaluation surplus and any subsequent deficit is charged against such surplus to the extent that the decrease offsets any increase. In all other cases, the deficit will be charged to the income statement.

For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus should be recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to shareholders' equity.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item of 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.

D. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated to write off the costs of the assets on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows :

	Rate %
Freehold buildings and leasehold land	1-2
Electrical fittings	5-10
Motor vehicles	10-25
Furniture and fittings, laboratory, office, store equipment and signboard	5-20
Demo equipment, research and development equipment and machinery	10
Renovation	10-20

Depreciation on plant in progress commences when the assets are ready for their intended use.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note F on impairment of assets.

An item of property, plant and equipment is recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/ (loss) from operations. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

E. INVESTMENTS

Investments in subsidiaries and associates are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount.

(i) Subsidiary Companies

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

(ii) Associated Companies

An associated company is a company in which the Group and the Company have a long term equity interest and where the Group and the Company is in a position to exercise significant influence over the financial and operating policies of the investee company.

The Company's investment in associated companies is stated at cost less impairment losses, if any.

Investment in associated companies are accounted for in the consolidated financial statements using the equity method. The Group's interests in associated companies are stated at cost plus adjustments to reflect changes in the Group's share of profits and losses in the associated companies. Equity accounting is discontinued when the carrying amount of the investment in the associated company reaches zero, unless the Group has incurred obligations or made payments on behalf of the associated companies.

The Group's share of results and reserves in the associated companies acquired or disposed of are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

E. INVESTMENTS (CONTINUED)

(iii) Other Investment

Investments in other non-current investments are stated at cost and an allowance for diminution is made where, in the opinion of the Directors, there is a decline other than temporary, in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/ credited to the income statement.

F. IMPAIRMENT OF ASSETS

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for that asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the 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 are recognised in the income statement. 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.

G. INVENTORIES

Inventories comprising raw materials, finished goods and laboratory supplies are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow-moving items.

Cost is determined on a first-in-first-out basis and comprise purchase price plus cost incurred in bringing the inventories to present location. Cost of finished goods and work-in-progress includes raw materials, labour and an appropriate proportion of production overheads.

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

H. RECEIVABLES

Receivables are carried at book value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts. Bad debts are written off in the year in which they are identified.

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash in hand, bank balances, fixed deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

J. AMOUNT DUE FROM/TO CONTRACT CUSTOMERS

Amount due from contract customers is the net amount of cost incurred for contracts in progress plus attributable profit less progress billings and anticipated losses, if any. Contract cost incurred to date include:-

i) Costs directly related to the contract;
ii) Costs attributable to contract activity in general and can be allocated to the contract; and
iii) Other costs specifically chargeable to the customers under the terms of the contract.

Where progress billings exceed cost incurred plus attributable profit less foreseeable losses, the net credit balance on all such contracts is shown as amounts due to contract customers.

K. FINANCE LEASE

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the estimated present value of the underlying lease payments at the date of inception. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of financial charges, are included in borrowings. The interest element of the finance charged to the income statement over the lease period.

Property, plant and equipment acquired under finance lease contracts is depreciated over the useful life of the asset in line with the Group's accounting policy for property, plant and equipment. If there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its useful life.

L. INCOME TAXES

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowance.

A deferred tax asset is recognised only to the extent that is probable that taxable profit will be available against which the deductible temporary differences or unused tax lossess can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

M. INTANGIBLE ASSET - GOODWILL ON CONSOLIDATION

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

N. REVENUE RECOGNITION

(i) Trading income

Revenue from sales of goods are recognised upon delivery of products and customer acceptance, if any, or performance of services, and after eliminating sales within the Group.

(ii) Contract income

Revenue from contract income is recognised based on percentage of completion method over the period of contract for all systems integration projects where a fixed contract sum has been agreed up front. Full provision is made for foreseeable losses, if any.

(iii) Dividend income

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

(iv) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(v) Management fee

Management fee is recognised on an accrual basis when service is rendered.

O. DIVIDENDS

Dividends on ordinary shares are recognised as liabilities when shareholders' right to receive the dividends is established.

P. FOREIGN CURRENCIES

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at transaction dates. Outstanding balances as at the financial year end are reported at rates then ruling, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising therefrom are charged or credited to the income statement.

The closing rates used in translating the monetary assets and liabilities are as follows:-

USD 1.00 = RM 3.53 (2005: USD 1.00 = RM 3.78)
SGD 1.00 = RM 2.30 (2005: SGD 1.00 = RM 2.27)

Q. FINANCIAL INSTRUMENTS

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

R. SEGMENT REPORTING

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

S. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resourses will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

T. PAYABLES

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

U. EMPLOYEE BENEFITS

(i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and not monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

Bonus is recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

U. EMPLOYEE BENEFITS (CONTINUED)

(ii) Defined contribution plans

Obligations for contributions to defined contribution plan are recognised as an expense in the income statement as incurred.

V. EFFECTS ARISING FROM ADOPTION OF NEW/REVISED FRSS

The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRSs are discussed below:-

(a) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 January 2006.

(i) Goodwill

The adoption of FRS 3 and the revised FRS 136 has resulted in the Group testing for impairment of goodwill annually. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

In accordance with the transitional provisions of FRS 3, the Group has applied the revised accounting policies for goodwill prospectively from 1 January 2006. The transitional provisions of FRS 3 also required the Group to eliminate the carrying amount of the accumulated amortisation at 1 January 2006 amounting to RM255,494 against the carrying amount of goodwill. The net carrying amount of goodwill as at 1 January 2006 of RM5,418,052 ceased to be amortised thereafter.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for the effects on the balance sheet as disclosed in Note 6 (a) and there was no amortisation charge of RM255,494 for the current financial year or prior periods. This change has no impact on the Company's financial statements.

(ii) Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (Previously known as reserve on consolidation)

Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition, after reassessment, is now recognised immediately in profit and loss. In accordance with transitional provisions of FRS 3, the reserve on consolidation as at 1 January 2006 of RM824,853 was derecognised with a corresponding increase in unappropriated profit as disclosed in the consolidated statement of changes in equity.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods. This change has no impact on the Company's financial statements.

(b) FRS 101: Presentation of financial statements

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

These changes in presentation have been applied retrospectively and has no impact on the Group's financial statements.

W. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical judgement made in applying accounting policy

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

(b) Key source of estimation uncertainty

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

(i) Impairment on goodwill

The Group test goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this necessary.

Determining whether goodwill is impaired requires and estimation of the value-in-use of the Cash Generating Units ("CGU") to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Further details of the estimates used are disclosed in Note 6.

(ii) Income taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the period in which the outcome is known.

(iii) Depreciation of property, plant and equipment

The estimates of the residual values, useful lives and related depreciation charges for its property, plant and equipment is based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Company anticipates that the residual values of its property, plant and equipment to be insignificant. As a result, residual values have not been taken into consideration for the computation of depreciable amount.

The depreciation charge will increase when useful lives are less than those previously estimated.

1. GENERAL INFORMATION

The principal activities of the Company are investment holding and provision of management services to subsidiary companies. The principal activities of the subsidiary companies are described in Note 3 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

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

The address of the registered office of the Company is 2nd Floor, No. 17 & 19, Jalan Brunei Barat, Pudu, 55100 Kuala Lumpur, Malaysia.

The address of the principal place of business of the Company is Lot 14 (PT 5015), Jalan Pendamar 27/90, Seksyen 27, 40000 Shah Alam, Selangor, Malaysia.

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

2. PROPERTY, PLANT AND EQUIPMENT

i) Group

2006	Balance as at 1 January RM	Additions RM	Disposals RM	Written Off RM	Balance as at 31 December RM
Cost unless otherwise stated					
Freehold land and buildings					
- at cost	1,848,504	128,869	(1,234,825)	–	742,548
- at valuation	6,730,001	–	–	–	6,730,001
Leasehold land and buildings					
- at cost	2,108,630	7,875	–	–	2,116,505
- at valuation	1,045,000	–	–	–	1,045,000
Motor vehicles	3,210,824	45,478	(42,969)	–	3,213,333
Furniture and fittings, laboratory, office, store equipment and signboard	4,208,782	736,312	(5,476)	(17,530)	4,922,088
Demo equipment, R and D equipment, machinery	271,316	–	–	–	271,316
Plant in progress	45,000	–	–	–	45,000
Electrical fittings	61,928	43,732	(15,000)	–	90,660
Renovation	449,518	115,506	–	–	565,024
	19,979,503	1,077,772	(1,298,270)	(17,530)	19,741,475

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

i) Group (Continued)

	Balance as at 1 January RM	Additions RM	Disposals RM	Written Off RM	Balance as at 31 December RM
Accumulated depreciation					
Freehold land and buildings					
- at cost	127,301	13,226	(59,842)	–	80,685
- at valuation	241,505	57,742	–	–	299,247
Leasehold land and buildings					
- at cost	113,582	35,669	–	–	149,251
- at valuation	31,785	14,239	–	–	46,024
Motor vehicles	1,596,950	293,839	(42,969)	–	1,847,820
Furniture and fittings, laboratory, office, store equipment and signboard	2,369,409	413,545	(1,549)	(17,530)	2,763,875
Demo equipment, R and D equipment, machinery	86,910	27,082	–	–	113,992
Electrical fittings	38,992	6,596	(3,750)	–	41,838
Renovation	245,487	49,026	–	–	294,513
	4,851,921	910,964	(108,110)	(17,530)	5,637,245

ii) Company

2006	Balance as at 1 January RM	Additions RM	Disposals RM	Balance as at 31 December RM
Cost unless otherwise stated				
Furniture and fittings, laboratory, office and store equipment	32,636	–	–	32,636
Renovation	62,812	1,570	–	64,382
	95,448	1,570	–	97,018

	Balance as at 1 January RM	Charge for the financial year RM	Disposals RM	Balance as at 31 December RM
Accumulated depreciation				
Furniture and fittings, laboratory, office and store equipment	8,136	3,264	–	11,400
Renovation	17,848	6,438	–	24,286
	25,984	9,702	–	35,686

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

ii) Company (Continued)

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Net book value				
Freehold land and buildings				
- at cost	661,863	1,721,203	–	–
- at valuation	6,430,754	6,488,496	–	–
Leasehold land and buildings				
- at cost	1,967,254	1,995,048	–	–
- at valuation	998,976	1,013,215	–	–
Motor vehicles	1,365,513	1,613,874	–	–
Furniture and fittings, laboratory, office, store equipment and signboard	2,158,213	1,839,373	21,236	24,500
Demo equipment, R and D equipment, machinery	157,324	184,406	–	–
Plant in progress	45,000	45,000	–	–
Electrical fittings	48,822	22,936	–	–
Renovation	270,511	204,031	40,096	44,964
	14,104,230	15,127,582	61,332	69,464

The freehold land and buildings and the leasehold land of the Group were revalued based on independent valuation reports in 2001 carried out by Messrs Colliers, Jordan Lee & Jaafar Sdn. Bhd., Colliers, Jordan Lee & Jaafar (S) Sdn. Bhd., Colliers, Jordan Lee & Jaafar (PG) Sdn. Bhd. and Colliers, Jordan Lee & Jaafar (JH) Sdn. Bhd., registered independent firms of professional valuers, where the properties were valued using the fair value market basis.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been as follows:

Group	Cost RM	Accumulated depreciation RM	Net book value RM
2006			
Freehold land and buildings	5,097,894	389,130	4,708,764
Leasehold land and buildings	422,901	23,913	398,988
	5,520,795	413,043	5,107,752
2005			
Freehold land and buildings	5,097,894	340,834	4,757,060
Leasehold land and buildings	422,901	19,358	403,543
	5,520,795	360,192	5,160,603

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

ii) Company (Continued)

Details of assets under finance lease agreements:

	Group 2006 RM	Group 2005 RM
Motor vehicles		
- additions during the year	–	77,600
- net book value at year end	1,116,277	1,351,906

Net book value of assets pledged as security for bank borrowings:

	Group 2006 RM	Group 2005 RM
Freehold land and buildings	856,786	876,186
Leasehold land and buildings	218,624	224,713

3. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company 2006 RM	Company 2005 RM
Unquoted shares - at cost	18,854,549	18,854,549

The subsidiary companies, which are incorporated in Malaysia, are as follows:

Name of Company	Principal activities	Effective interest 2006	Effective interest 2005
Brite-Tech Corporation Sdn. Bhd.	To provide a complete range of services and products in the field of water treatment, pollution control and fuel treatment as well as engineered and formulated chemical products for water clarification, wastewater treatment, minimizing wastewater sludge generation, steam generation system and cooling water system.	100%	100%
Hooker Chemical Sdn. Bhd.	To provide consultation, environmental impact studies, engineering design, construction, installation and commissioning of water purification, recycling and wastewater treatment systems.	100%	100%
Rank Chemical Sdn. Bhd.	To provide rental of portable ion-exchange resin columns and supply of institutional housekeeping chemicals, industrial maintenance chemicals and hotel amenities.	100%	100%

3. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

Name of Company	Principal activities	Effective interest 2006	Effective interest 2005
Spectrum Laboratories Sdn. Bhd.	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.	100%	100%
Spectrum Laboratories (Penang) Sdn. Bhd. (The Company holds 70.24% direct interest in Spectrum Laboratories (Penang) Sdn. Bhd., the remaining 29.76% is held indirectly through subsidiary Spectrum Laboratories Sdn. Bhd.)	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.	100%	100%
Spectrum Laboratories (Johore) Sdn. Bhd. (The Company holds 70.64% direct interest in Spectrum Laboratories (Johore) Sdn. Bhd., 14.68% is held indirectly through Brite-Tech Corporation Sdn. Bhd. and the remaining 14.68% is held indirectly through Hooker Chemical Sdn. Bhd.)	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.	100%	100%
* Brite-Tech (Sabah) Sdn. Bhd.	To provide integrated services in water and wastewater treatment, supply of water treatment related chemicals, treatment systems and equipment, supply of industrial and institutional chemicals, analytical laboratory and environmental monitoring services and other related business.	89%	89%
* Renown Orient Sdn. Bhd.	To provide general trading, investment holdings, water treatment services and other related business. The Company has not commenced business operation since its incorporation date.	100%	100%
* Brite-Tech Ventures Sdn. Bhd.	To provide general trading, investment holdings, water treatment services and other related business. The Company has not commenced business operation since its incorporation date.	100%	100%
* Sincere United Sdn. Bhd.	To import and export chemical and other raw materials.	70%	70%

3. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

Name of Company	Principal activities	Effective interest 2006	Effective interest 2005
* Tan-Tech Polymer Sdn. Bhd.	To provide consultancy services and manufacturing of polymers and its related products.	60%	60%

Subsidiary company of Brite-Tech Corporation Sdn. Bhd.

Name of Company	Principal activities	Effective interest 2006	Effective interest 2005
Cybond Chemical Sdn. Bhd.	To provide water treatment chemicals and provide other related services.	100%	100%

* *Companies not audited by S.F. Yap & Co.*

4. INVESTMENT IN ASSOCIATED COMPANY

The details of the associated company, which is incorporated in Malaysia, is as follow:

Name of Company	Principal activities	Effective interest 2006	Effective interest 2005
Hooker Chemical (Johore) Sdn. Bhd.	Dealing with water and wastewater treatment system. It has ceased business on 1 June 2001.	19%	19%

Recognition of further losses is discontinued for investment in Hooker Chemical (Johore) Sdn. Bhd. as the Group's share of losses exceeds the carrying amount of the investment, as follows :

	Group 2006 RM	Group 2005 RM
Investment at cost	11,400	11,400
Share of losses	(14,832)	(14,285)
	(3,432)	(2,885)

5. OTHER INVESTMENT

	Group 2006 RM	Group 2005 RM
Unit trust - at cost	20,000	20,000
Market value	29,368	24,009

6. INTANGIBLE ASSET - GOODWILL ON CONSOLIDATION

(a)

	Group 2006 RM	Group 2005 RM
Cost		
At beginning of the year	5,673,546	5,673,546
Effect of adopting FRS 3	(255,494)	–
At end of the year	5,418,052	5,673,546
Amortisation		
At beginning of the year	255,494	–
Charge for the year	–	255,494
Effect of adopting FRS 3	(255,494)	–
At end of the year	–	255,494
Carrying amounts	5,418,052	5,418,052

(b) The carrying amounts of goodwill allocated to the Group's CGU are as follows:

	Group 2006 RM	Group 2005 RM
Manufacturing - CGU 1	2,170,144	2,170,144
Trading - CGU 2	3,247,908	3,247,908
	5,418,052	5,418,052

Impairment test on CGU 1 and CGU 2

The recoverable amounts of CGU 1 and 2 were determined based on value-in-use calculations using cash flow projections. Based on the calculations, there were no impairment losses on CGU 1 and 2 as the recoverable amounts of CGU 1 and 2 were higher than their carrying amounts as at the balance sheet date.

Value-in-use of CGU 1 and 2 was determined by discounting the future cash flows generated from the continuing use of CGU 1 and 2 based on the following assumptions:

(i) Pre-tax cash flow projections based on the most recent financial budgets approved by the Directors covering a 5-years period.

(ii) Pre-tax discount rate of 5.00% for CGU1 and 2 were applied determining the recoverable amounts of CGU 1 and 2. These discount rates were estimated based on the respective CGU's weighted average cost of capital.

With regard to the assessment of value-in-use of CGU 1 and 2, management believe that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

7. INVENTORIES

	Group 2006 RM	Group 2005 RM
At cost		
Laboratory supplies	150,668	128,700
Raw materials	1,665,965	1,870,405
Finished goods	1,275,201	1,457,526
Work - in - progress	16,058	12,738
	3,107,892	3,469,369

8. TRADE RECEIVABLES

	Group 2006 RM	Group 2005 RM
Trade receivables	8,453,565	9,026,071
Less: Allowance for doubtful debts	(672,676)	(600,605)
	7,780,889	8,425,466

The Group's normal credit term is 90 to 120 days. Other credit terms are assessed and approved on a case by case basis.

The foreign currency exposure of the trade receivables of the Group are as follows:

	Group 2006 RM	Group 2005 RM
US Dollar	461,669	173,319
Singapore Dollar	–	19,846

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Other receivables	204,432	393,035	–	–
Deposits	58,870	23,947	3,500	3,500
Prepayments	82,825	13,782	–	10,500
	346,127	430,764	3,500	14,000

10. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

The amount due from/(to) subsidiary companies represent advances and non-trade transactions which are unsecured, interest-free and have no fixed terms of repayment.

11. CASH AND BANK BALANCES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash in hand	67,026	41,022	7,204	5,476
Cash at bank	1,057,818	1,114,064	272,223	27,631
	1,124,844	1,155,086	279,427	33,107

12. AMOUNT DUE TO CONTRACT CUSTOMERS

	Group	
	2006 RM	2005 RM
Aggregate costs incurred to date	575,706	575,706
Add: Attributable profits	320,901	317,918
	896,607	893,624
Less: Progress billings	(914,680)	(906,640)
	(18,073)	(13,016)

13. TRADE PAYABLES

	Group	
	2006 RM	2005 RM
Trade payables	1,916,355	3,029,920

The credit terms of trade payables granted to the Group range from 60 to 90 days.

The foreign currency exposure of the trade payables of the Group are as follows:

	Group	
	2006 RM	2005 RM
US Dollar	–	17,175
Singapore Dollar	4,570	896

14. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other payables	291,956	462,219	–	–
Accruals	440,747	242,139	56,939	57,551
Deposits received	17,360	24,160	–	–
	750,063	728,518	56,939	57,551

Included in other payables of the Group is an amount of RM Nil (2005: RM105,354) due to a third party for the acquisition of the leasehold land at the cost of RM2,104,366 in 2003. Under the sales and purchase agreement, an amount of RM Nil (2005: RM632,128) is repayable later than 1 year and not later than 5 years (Note 19).

The foreign currency exposure of the other payables of the Group are as follows:

	Group	
	2006 RM	2005 RM
US Dollar	–	14,438

15. BORROWINGS

	Group	
	2006 RM	2005 RM
Current liabilities		
Secured		
Bank overdraft	145,781	648,060
Bills payable	1,234,360	571,445
Finance lease liabilities	376,925	382,727
Term loans	142,303	318,478
	1,899,369	1,920,710
Long term liabilities		
Secured		
Finance lease liabilities	183,290	560,861
Term loans	–	145,408
	183,290	706,269
Total borrowings		
Bank overdraft	145,781	648,060
Bills payable	1,234,360	571,445
Finance lease liabilities	560,215	943,588
Term loans	142,303	463,886
	2,082,659	2,626,979

15. BORROWINGS (CONTINUED)

	Group 2006 %	Group 2005 %
Interest rates on the above are as follows:		
Bank overdraft	7.30 - 8.00	7.30 - 8.00
Bills payable	7.50	7.50
Finance lease liabilities	5.57-11.24	5.57-11.24
Term loans	4.27	4.27-6.10

The banking facilities of the Group comprise term loan, bank overdraft, trade financing facilities, performance guarantee, and financial guarantee which are secured by:

- legal charge over the Group's certain land and buildings.
- corporate guarantee by the Company.

FINANCE LEASE LIABILITIES

	Group 2006 RM	Group 2005 RM
Minimum lease payment		
- not later than one year	400,421	435,252
- later than one year and not later than five years	199,928	600,350
	600,349	1,035,602
Less: Future interest charges	(40,134)	(92,014)
Present value of finance lease liabilities	560,215	943,588
Repayable as follows:		
Current liabilities		
- not later than one year	376,925	382,727
Long term liabilities		
- later than one year and not later than five years	183,290	560,861
	560,215	943,588

There is no finance lease liabilities later than five years.

15. BORROWINGS (CONTINUED)

TERM LOAN - SECURED

	Group 2006 RM	Group 2005 RM
Term loan repayable by thirty six equal monthly instalments of RM14,925 each commencing 1 November 2004	142,303	312,027
Term loan repayable by thirty six equal monthly instalments of RM30,006 each commencing 28 April 2003	–	151,859
	142,303	463,886
Repayable as follows:		
Current liabilities		
- not later than one year	142,303	318,478
Long term liabilities		
- later than one year and not later than five years	–	145,408
	142,303	463,886

16. SHARE CAPITAL

	Group and Company 2006 RM	Group and Company 2005 RM
Ordinary shares of RM0.10 each:		
Authorised	25,000,000	25,000,000
Issued and fully paid	15,000,000	15,000,000

17. RESERVES

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Non-distributable:				
Reserve on consolidation	–	824,853	–	–
Share premium reserve	8,019,296	8,019,296	8,019,296	8,019,296
	8,019,296	8,844,149	8,019,296	8,019,296
Distributable:				
Unappropriated profit	5,922,414	4,101,553	607,231	302,556
	13,941,710	12,945,702	8,626,527	8,321,852

18. DEFERRED TAX LIABILITIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At beginning of financial year	294,147	275,304	5,345	3,370
Recognised in the income statement	50,039	16,679	88	1,975
Acquisition of subsidiary companies	–	2,781	–	–
Transfer to revaluation reserve	(31)	(617)	–	–
At end of financial year	344,155	294,147	5,433	5,345

The deferred tax liabilities are made up of the following:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Property, plant and equipment				
The tax effect of the excess of property, plant and equipment's carrying value over its tax base	390,311	351,996	5,433	5,345
General allowance for doubtful debts	(46,156)	(57,849)	–	–
	344,155	294,147	5,433	5,345

19. LONG TERM PAYABLES

	Group	
	2006 RM	2005 RM
Repayable within one year (included in the other payables and accruals - Note 14)	–	105,354
Repayable later than 1 year and not later than 5 years	–	632,128
	–	737,482

In 2003, the Group purchased the leasehold land at the cost of RM2,104,366. Under the sale and purchase agreement, an amount of RM Nil (2005: RM632,128) is repayable later than 1 year and not later than 5 years.

20. REVENUE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Management fee receivable	–	–	1,380,000	1,206,000
Dividend received and receivable	–	–	797,346	551,530
Contract fees	–	504,958	–	–
Trading sales and services	23,883,545	20,514,160	–	–
	23,883,545	21,019,118	2,177,346	1,757,530

21. PROFIT BEFORE TAXATION

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Profit before taxation is arrived at				
After charging:-				
Allowance for doubtful debts	133,372	393,132	–	–
Auditors' remuneration	44,500	43,050	1,500	1,500
Overprovided audit fee in prior year	(404)	–	–	–
Bad debts written off	118,200	1,926	–	–
Depreciation on property, plant and equipment	910,964	857,864	9,702	9,545
Directors' remuneration:				
- Salaries	1,096,544	944,342	774,144	744,576
- Fees	290,400	106,400	290,400	106,400
Interest expenses:				
- Finance lease interest	44,795	72,511	–	–
- Bank overdraft interest	43,670	17,989	–	–
- Term loan interest	11,194	47,359	–	–
- LC charges & TR interest	76,402	75,696	–	–
- Other interest	–	34,680	–	–
- Overdue interest	–	41	–	–
Late payment interest	66	9,734	36	70
Amortisation of goodwill	–	255,494	–	–
Loss on disposal of property, plant and equipment	727	–	–	–
Loss on foreign currency exchange	13,372	8,050	–	–
Unrealised loss on foreign currency exchange	8,939	–	–	–
Property, plant and equipment written off	–	18,035	–	–
Research and development expenditure	4,012	–	–	–
Rental of premises	52,970	40,920	–	–
Rental of equipment	1,566	1,197	–	–
Rental of motor vehicle	7,053	–	–	–
Rental of factory	28,600	14,600	–	–
Rental of electricity and boat	3,160	1,045	–	–
And crediting:				
Compensation	–	7,787	–	–
Bad debts recovered	15,340	30,000	–	–
Dividend received	–	–	797,346	551,530
Gain on disposal of property, plant and equipment	151,212	2,031	–	–
Gain on currency exchange	12,103	1,451	–	–
Interest income received from:				
- Fixed deposit interest	26,296	84,177	16,528	17,590
- Other interest	225	–	–	–
Management fee receivables	–	–	1,380,000	1,206,000
Rental received	83,700	105,800	–	–

22. STAFF COSTS

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Staff costs for the financial year	4,466,240	3,870,122	1,116,078	864,868

23. DIRECTORS' REMUNERATION

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Non-executive Directors:				
- fees	290,400	106,400	290,400	106,400
Executive Directors:				
- salaries	1,096,544	944,342	774,144	744,576
	1,386,944	1,050,742	1,064,544	850,976

24. TAXATION

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Current tax based on profit for the financial year:				
Malaysian income tax	439,480	476,762	249,000	160,000
Deferred tax	50,039	16,679	88	1,975
(Over)/under provision of taxation in prior years	(8,416)	(5,087)	2,294	(1,247)
	481,103	488,354	251,382	160,728

With effect from year of assessment 2004, chargeable income of certain subsidiary companies (being residents in Malaysia with paid up capital of less than RM2.5 million) are taxed at the following rates:

On the first RM500,000 : 20%
In excess of RM500,000 : 28%

Income tax expense for the Company is calculated based on the statutory income tax rate of Malaysia at 28% (2005: 28%) of the estimated taxable profit for the financial year.

24. TAXATION (CONTINUED)

The numerical reconciliation between the average effective tax rate and the applicable tax rate are as follows :

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit before taxation ("PBT")	1,810,045	877,477	858,457	554,955
Tax expense	481,103	488,354	251,382	160,728

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Average applicable tax rate	28.0	28.0	28.0	28.0
- Tax effects of statutory tax rates of 20% on PBT	(7.9)	(18.9)	–	–
- Balancing charge/ (balancing allowance) on property, plant and equipment disposed/ written off	0.2	(0.6)	–	–
- (Over)/under provision of income tax expenses in prior year	(0.5)	(0.7)	0.3	(0.4)
- Deferred taxation	2.7	1.9	–	0.4
- Income not subject to tax	(2.3)	–	–	–
- Non-deductible expenses	14.4	62.2	1.0	1.0
- Utilisation of capital allowances	(8.0)	(16.2)	–	–
- Average effective tax rate	26.6	55.7	29.3	29.0

As at 31 December 2006, the Company has sufficient tax credits under Section 108(6) of the Income Tax Act, 1967 to frank the payment of dividends out of its entire retained profits as at 31 December 2006.

25. EARNINGS PER ORDINARY SHARES

Basic earnings per ordinary share :

The basic earnings per ordinary share has been calculated based on the net profit attributable to ordinary shareholders by the number of ordinary shares in issue during the financial year.

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Net profit attributable to ordinary shareholders	1,298,386	476,665	607,075	394,227
Issued ordinary shares	150,000,000	150,000,000	150,000,000	150,000,000
Basic earnings per share (sen)	0.87	0.32	0.40	0.26

26. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Purchase of property, plant and equipment (Note 2)	1,077,772	889,754	1,570	–
Financed by finance lease arrangement	–	(66,000)	–	–
Cash payments on purchase of property, plant and equipment	1,077,772	823,754	1,570	–

27. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash and bank balances (Note 11)	1,124,844	1,155,086	279,427	33,107
Fixed deposits with licensed banks	1,977,769	914,949	550,000	650,000
	3,102,613	2,070,035	829,427	683,107
Bank overdraft (Note 15)	(145,781)	(648,060)	–	–
	2,956,832	1,421,975	829,427	683,107

28. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments. The primary format, business segment, is based on the Group's management and internal reporting structure. No geographical segmental information is presented as the business segments are principally operated in Malaysia only.

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length transactions. These transfers are eliminated on consolidation.

The Group comprises the following main business segments:

Environmental products and services	To provide a complete range of services and products in the field of water treatment as well as engineered and formulated chemical products for water and wastewater treatment; and to provide analytical laboratory and environmental monitoring services.
System equipment and ancillary products	To provide consultation, engineering design, construction, installation and commissioning of water purification, water recycling and wastewater treatment systems; and to provide rental of portable ion-exchange resin columns as well as supply of chemicals and consumer products.
Investments	Investments, management and other operations which are not sizeable to be reported separately.

28. SEGMENT INFORMATION (CONTINUED)

Segmental turnover, profit before taxation and the assets employed are as follows:

2006
Group

Primary reporting - Business segments

	Environmental products and services RM	System equipment and ancillary products RM	Investments RM	Eliminations RM	Group RM
REVENUE					
External revenue	18,756,458	5,127,087	–	–	23,883,545
Inter-segment revenue	1,476,676	247,437	2,177,346	(3,901,459)	–
Total revenue	20,233,134	5,374,524	2,177,346	(3,901,459)	23,883,545
RESULT					
Segment results (external)	2,286,918	(330,029)	2,696	–	1,959,585
Interest income	9,993	–	16,528	–	26,521
Finance costs	(112,085)	(63,976)	–	–	(176,061)
Profit before taxation	2,184,826	(394,005)	19,224	–	1,810,045
Taxation					(481,103)
Profit after taxation					1,328,942
Minority interests					(30,556)
Net profit for the year					1,298,386
OTHER INFORMATION					
Segment assets	17,282,596	8,285,071	4,733,202	8,312,136	33,879,803
Segment liabilities	3,828,514	1,102,194	437,248	5,367,956	5,367,956
Capital expenditure	989,440	78,888	9,444		1,077,772
Depreciation	542,506	323,087	45,371		910,964
Non-cash expenses other than depreciation	58,725	201,786	–		260,511

Turnover and profit before tax for investment mainly relates to dividend income received by the Company from its subsidiary companies. The amount is set-off in inter-company adjustments.

28. SEGMENT INFORMATION (CONTINUED)

2005
Group

Primary reporting - Business segments

	Environmental products and services RM	System equipment and ancillary products RM	Investments RM	Eliminations RM	Group RM
REVENUE					
External revenue	15,122,368	5,896,750	–	–	21,019,118
Inter-segment revenue	1,426,267	315,767	1,757,530	(3,499,564)	–
Total revenue	16,548,635	6,212,517	1,757,530	(3,499,564)	21,019,118
RESULTS					
Segment results (external)	1,559,442	(207,658)	(310,208)	–	1,041,576
Interest income	43,159	23,428	17,590	–	84,177
Finance costs	(158,664)	(89,612)	–	–	(248,276)
Profit before taxation	1,443,937	(273,842)	(292,618)	–	877,477
Taxation					(488,354)
Profit after taxation					389,123
Minority interests					87,542
Net profit for the year					476,665
OTHER INFORMATION					
Segment assets	17,737,552	8,949,164	8,274,552		34,961,268
Segment liabilities	4,593,854	1,930,041	919,722		7,443,617
Capital expenditure	1,500,573	299,701	4,201		1,804,475
Depreciation	484,829	328,206	44,829		857,864
Non-cash expenses other than depreciation	85,960	325,206	257,420		668,586

29. SIGNIFICANT INTERCOMPANY AND RELATED PARTY DISCLOSURE

The Group have related parties relationships with its subsidiary companies and associated companies.

The related party transactions were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

30. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	2006 RM	2005 RM
Corporate guarantees given to financial institutions for finance lease facilities granted to subsidiary companies	1,511,400	1,474,000
Corporate guarantees given to financial institutions for banking facilities granted to subsidiary companies	16,410,000	16,410,000
Corporate guarantees in favour of suppliers as security for goods supplied to a subsidiary company	130,000	130,000
	18,051,400	18,014,000

Material Litigation

The Directors are of the opinion that the possibility of any outflow in settlement arising from the following litigations are remote based on legal opinion obtained. Nevertheless, disclosures are made as follow:

The Company received a High Court Summon dated 5th December 2002 naming the Company as the 5th defendant in a legal suit between the plaintiff and the substantial shareholders of the Company namely, Pang Wee See, Tan Boon Kok, Chan Ah Kien and Kan King Choy (as the 1st to 4th defendants). The plaintiff who was a former director and shareholder of the subsidiary companies of the Company, Brite-Tech Corporation Sdn. Bhd., Rank Chemical Sdn. Bhd., Hooker Chemical Sdn. Bhd. and Spectrum Laboratories Sdn. Bhd. is claiming for restitution and recovery of sale of shares and to avoid the four sale of share agreement dated 22 June 1999 in respect of the plaintiff's share in the abovementioned companies to the 1st, 2nd, 3rd and 4th defendant.

Notwithstanding that the Company was not incorporated at the material time, the Company has been included as the 5th defendant on the grounds that the 5th defendant had actual or imputed a constructive knowledge of the matters and circumstances vitiating the sale and purchase transactions between the plaintiff and the 1st to the 4th defendant.

The solicitors of the Company has advised that the plaintiff has no ground of action in citing the Company and the claim by the plaintiff against the Company is without basis.

31. DIVIDENDS

	Group and Company			
	2006		2005	
	Gross dividend per share Sen	Amount of dividend RM	Gross dividend per share Sen	Amount of dividend RM
Final dividend proposed, less tax	0.28	306,600	0.28	302,400

As approved by the shareholders at the Annual General Meeting, a final dividend of 0.28 sen per share, less 28% tax, amounting to RM302,400 in respect of the previous financial year was paid on 23 August 2006.

A final dividend of 0.28 sen per ordinary share of RM0.10 each, less 27% tax, amounting to RM306,600 in respect of the financial year ended 31 December 2006 has been proposed by the Directors after the balance sheet date for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by the Company's shareholders, will be accounted for as an appropriation of retained profits in the financial year ending 31 December 2007.

32. EVENTS AFTER BALANCE SHEET DATE

(a) On 13 February 2007, the Brite-Tech Berhad ("BTB") Group had increased the paid up share capital of Brite-Tech Ventures Sdn. Bhd. ("BTV"), a subsidiary of BTB from RM 2 to RM 500,000. The Company has subscribed for 249,998 new ordinary shares of RM1.00 each for a cash consideration of RM249,998 or at par and invited Aquakimia Sdn. Bhd. to subscribe for 250,000 new ordinary shares of RM1.00 each representing 50% of the issued and paid up capital of BTV for a cash consideration of RM250,000 or at par.

Simultaneously, BTB's equity interest in BTV has been diluted from 100% to 50% following the allotment of 250,000 new ordinary shares to Aquakimia Sdn. Bhd..

(b) On 14 February 2007, Brite-Tech Ventures Sdn. Bhd. ("BTV"), an associated company of Brite-Tech Berhad ("BTB") has entered into four (4) letters of intent with the Danish Ministry for the proposed sales of Certified Emission Reductions ("CERs") to be generated using a wastewater treatment system called AVC Palm Oil Mill Effluent Treatment System for four (4) palm oil mills, to the Danish Ministry for an amount to be determined and negotiated later.

BTV intends to develop the projects under the Clean Development Mechanism of the Kyoto Protocol and produce the CERs in collaboration with the four (4) palm oil mills.

The parties shall use their best efforts to obtain the approval of the Malaysian government as required by the CDM Modalities and Procedures described in the Marrakesh Accords. If the approval is not obtained, the letters of intent shall terminate automatically without notice.

The Company expects BTV to enter into several other similar letters of intent with the Danish Ministry for the sale of CERs to be produced under similar projects in collaboration with other palm oil mills, in the coming months.

33. FINANCIAL RISK MANAGEMENT POLICIES

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

The main areas of financial risks faced by the Group and the policy for managing each of these risks are set out as follows:

(a) Foreign currency risk

The Group incur foreign currency risk on the sales, purchases and investments that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk is primarily the US dollars, Singapore dollars and Euro Currency.

The Group maintains a natural hedge, whenever is possible, by matching the receivables and the payables in the same currency, any unmatched balance will then be hedged by forward foreign currency contracts. The combination of matching technique and forward foreign currency contracts aims to effectively hedge the Group's exposure to exchange rates fluctuation while maintaining the hedging cost to the minimal.

The Group and the Company did not have any open forward contracts at the financial year end.

33. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(b) *Interest rate risk*

The Group obtains additional financing through bank borrowings and leasing arrangements. The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates and the effective interest rates of financial assets and financial liabilities are follows:

	Less than 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM	Effective interest rate during the year %
Group					
2006					
Financial Assets					
Deposits with licensed banks	1,977,769	–	–	1,977,769	3.14
Financial Liabilities					
Bank overdraft	145,781	–	–	145,781	7.55-8.30
Bills payable	1,234,360	–	–	1,234,360	7.76
Finance lease liabilities	376,925	183,290	–	560,215	5.71-11.84
Term loan	142,303	–	–	142,303	4.35
	1,899,369	183,290	–	2,082,659	
Company					
2006					
Financial Assets					
Deposits with licensed banks	550,000	–	–	550,000	3.14
Group					
2005					
Financial Assets					
Deposits with licensed banks	914,949	–	–	914,949	3.04
Financial Liabilities					
Bank overdraft	648,060	–	–	648,060	7.55-8.30
Bills payables	571,445	–	–	571,445	7.76
Financial lease liabilities	382,727	560,861	–	943,588	5.71-11.84
Term loan	318,478	145,408	–	463,886	4.35-6.27
	1,920,710	706,269	–	2,626,979	
Company					
2005					
Financial Assets					
Deposits with licensed bank	650,000	–	–	650,000	3.04

33. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(c) Credit risk

Cash deposits, trade and other receivables may expose the Group to credit risk. Such risk is effectively managed through the application of credit limits, reqular monitoring and review of the financial standing of the Group's counter parties, with reference to published credit ratings by prime financial institutions. In the absence of publication ratings, an internal credit review or company background search is conducted if the credit risk is deemed in existence.

The Group's cash deposits are placed with major financial institutions in Malaysia with excellent credit ratings.

The Company has given corporate guarantees to its subsidiary companies for banking facilities and security of goods (see Note 30). In view of the stability of the subsidiary companies' financial position, the Directors are confident that such credit risk is minimal.

At the balances sheet date, the Group had no significant concentrations of credit risks.

The maximum exposures to credit risk are represented by the carrying amounts shown in the balance sheet.

(d) Market risk

The Group has minimal exposure to market risk as its investment is mainly on quoted security, which is not substantial.

The Group's exposure to risk from changes in market price of the quoted securities is set out in Note 33 (f) as below.

(e) Liquidity and cash flow risks

The Group practices prudent liquidy risk management by cautiously and effectively managing its debt maturity profiles and operating cash flows; at the same time maintaining sufficient cash balances and availability of funding through committed banking facilities so as to ensure all operating, investing and financing obligations are met.

(f) Fair values

The carrying amounts of financial instruments of the Group and the Company at the balance sheet date approximated their fair value except as set out below:

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
2006				
Financial Assets				
Other investment	20,000	29,368	–	–
2005				
Financial Assets				
Other investment	20,000	24,009	–	–

33. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(f) Fair values (Continued)

The following method and assumption is used to estimate the fair value of each class of financial instrument:

- Other investment
  The fair values of quoted security is estimated based on quoted market prices.

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 24 April 2007.

STATISTIC OF SHAREHOLDINGS

as at 18 May 2007

Authorised Share Capital	-	RM25,000,000
Issued and Fully Paid-up Share Capital	-	RM15,000,000
Class of Shares	-	Ordinary Share of RM0.10 each
Voting Rights	-	One vote per ordinary share
No. of Shareholders	-	572

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of Issued share capital
Less than 100	6	1.05	295	0.00
100 - 1,000	117	20.45	72,200	0.05
1,001 - 10,000	232	40.56	1,160,800	0.77
10,001 - 100,000	154	26.92	5,506,200	3.67
100,001 to less than 5% of issued shares	59	10.32	50,124,807	33.42
5% and above of issued shares	4	0.70	93,135,698	62.09
	572	100.00	150,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

	Name of Shareholder	No. of shares	% of shareholdings
1	Pang Wee See	67,352,894	44.90
2	Chan Ah Kien	15,007,826	10.01
3	Tan Boon Kok	14,774,978	9.85
		97,135,698	64.76

DIRECTORS' SHAREHOLDINGS

		No. of ordinary shares RM0.10 each held			
	Name	Direct	%	Indirect	%
1	Pang Wee See	67,352,894	44.90	290,000*	0.19
2	Chan Ah Kien	15,007,826	10.01	–	–
3	Tan Boon Kok	14,774,978	9.85	–	–
4	Kan King Choy	6,080,858	4.05	–	–
5	Ir. Koh Thong How	290,000	0.19	67,352,894+	44.90
6	Dr. Seow Pin Kwong	182,000	0.12	–	–
7	Cheng Sim Meng	–	–	–	–
8	Yee Oii Pah @ Yee Ooi Wah	290,000	0.19	67,352,894^	44.90
9	Wong Sak Chiew	–	–	–	–

* Deemed interested by virtue of the shareholdings of 290,000 shares each, of his spouse, Yee Oii Pah @ Yee Ooi Wah and brother-in-law, Ir. Koh Thong How

\+ Deemed interested by virtue of the shareholdings of his brother-in-law, Pang Wee See

^ Deemed interested by virtue of the shareholdings of her spouse, Pang Wee See

LIST OF 30 LARGEST SHAREHOLDERS
as at 18 May 2007

	Name of Shareholders	No. of Shares	%
1	Pang Wee See	67,352,894	44.90
2	Chan Ah Kien	15,007,826	10.01
3	Tan Boon Kok	14,774,978	9.85
4	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yee Kim Keow*	6,679,100	4.45
5	Kan King Choy	6,080,858	4.05
6	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chong Foong Melw*	5,446,400	3.63
7	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Sepulohniam A/L M.Somu (14570MZ0208)*	4,957,700	3.30
8	Employees Provident Fund Board	2,094,025	1.40
9	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lee Chong Theen*	1,710,600	1.14
10	Liang G-E	1,436,108	0.96
11	Chong Tuck Chiew	1,250,000	0.83
12	Tay Lay Cheng	1,221,600	0.81
13	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yap Chee Seng*	1,045,400	0.70
14	Toong Chong Seng	962,000	0.64
15	Chan Yin Juan @ Chin Hin Poon	710,000	0.47
16	Goh Choo Lien	669,000	0.45
17	Lee Ee Lee	627,000	0.42
18	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yap Yuen Choy (CEB)*	580,000	0.39
19	Lee Chong Theen	572,600	0.38
20	AIBB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Low Kok Tiong*	533,900	0.36
21	Phua Sin Loke	500,000	0.33
22	Teo Hwee Mien	485,000	0.32
23	Chong Kim Foo @ Chong Kim Lean	476,200	0.32
24	Lee Lay Eng	416,800	0.28
25	Chong Set Moy	415,400	0.28
26	Tan Boon Sang	410,000	0.27
27	Pat Wei Tsin	399,800	0.27
28	Yee Kim Keow	378,000	0.25
29	Goh Swee Keng	373,000	0.25
30	Loke Kwan Fong	372,800	0.25
		137,938,989	91.96

LIST OF PROPERTIES
as at 31 December 2006

The following are the properties held by the Group as at 31 December 2006:

A summary of the land and building owned by Brite-Tech Corporation Sdn. Bhd. is set out below:-

Location	Tenure and Existing Use	Land Area	Net Book Value/Cost @ 31.12.2006 RM'000	Type of Property	Built Up Area (sq ft)
P.T. No. 5015 Mukim of Damansara District of Petaling Selangor D.E.*	Freehold Land & Building (Operational assets held for owner-occupation)	42,880 sq. ft.	3,116	Triple storey office block and a single storey factory	20,402
P.T. No. 12144 Mukim of Kapar District of Kelang Selangor D.E.*	Freehold Land & Building (Idle)	4,220 sq. ft.	381	Double storey semi-detached factory	1,900
				Extension	4,074
P.T. No. 723 H.S.(M) 956 Mukim of Setul District of Seremban Negeri Sembilan.*	Leasehold Land (99 years, expiring in 2/10/2085) (Surplus to the operational requirement)	50,939 sq. ft.	772	Vacant land	–

A summary of the land and building owned by Hooker Chemical Sdn. Bhd. is set out below:

Location	Tenure and Existing Use	Land Area	Net Book Value/Cost @ 31.12.2006 RM'000	Type of Property	Built Up Area (sq ft)
H.S.(M) 1117 Lot No. 4568 Mukim 14 District of Seberang Perai Tengah Pulau Pinang.*	Freehold Building (Operational assets held for owner-occupation)	1,540 sq. ft.	216	Double storey shophouse	3,322
PTD 85433 H.S.(D) 169547 Mukim Pelentong District of Johor Bahru Johor.*	Freehold Building (Operational assets held for owner-occupation)	2,400 sq. ft.	541	Double storey shophouse	3,072
P.T. No. 11419 Mukim of Damansara District of Petaling Selangor.*	Freehold Building (Assets held for investments)	1,760 sq. ft.	1,185	Triple storey shophouse	5,161

A summary of the land and building owned by Rank Chemical Sdn. Bhd. is set out below:

Location	Tenure and Existing Use	Land Area	Net Book Value/Cost @ 31.12.2006 RM'000	Type of Property	Built Up Area (sq ft)
H.S.(D) 31573 Lot No. PTD 42295 Mukim and District of Kluang, Johor.*	Freehold Building (Operational assets held for owner occupation)	9,375 sq. ft.	441	Single storey detached factory	4,800
H.S.(D) 23144 Lot No. PTD 38519 Mukim and District of Kluang, Johor.*	Freehold Building (Operational assets held for owner occupation)	1,540 sq. ft.	107	Double storey shophouse	2,156
PTD 32881 Mukim and District of Kluang, Johor.*	Freehold Building (Assets held for investments)	1,540 sq. ft.	310	Double storey shophouse	3,080
PTD 42334 Mukim and District of Kluang, Johor. (Date of acquisition: 12 May 2004)	Freehold Building (Operational assets held for owner occupation)	7,700 sq. ft	272	Double storey semi-detached factory	4,675
PTD 42336 Mukim and District of Kluang, Johor. (Date of acquisition: 12 May 2004)	Freehold Building (Operational assets held for owner occupation)	7,700 sq. ft	272	Double storey semi-detached factory	4,675

A summary of the land and building owned by Renown Orient Sdn. Bhd. is set out below:

Location	Tenure and Existing Use	Land Area	Net Book Value/Cost @ 31.12.2006 RM'000	Type of Property	Built Up Area (sq ft)
PLO No. 705 Pasir Gudang Industrial Area, Mukim Plentong Daerah Johor Bahru Johor. (Date of acquisition: 22 August 2003)	Leasehold Land (Idle)	87,120 sq. ft.	982	Vacant land	–
PLO No. 706 Pasir Gudang Industrial Area, Mukim Plentong Daerah Johor Bahru Johor. (Date of acquisition: 22 August 2003)	Leasehold Land (Idle)	87,120 sq. ft.	982	Vacant land	–

LIST OF PROPERTIES
as at 31 December 2006

A summary of the land and building owned by Sincere United Sdn. Bhd. is set out below:

Location	Tenure and Existing Use	Land Area	Net Book Value/Cost @ 31.12.2006 RM'000	Type of Property	Built Up Area (sq ft)
H.S. (D) 97263 P.T. No. 27731 Mukim and District of Petaling State of Selangor (Date of acquisition: 17 September 2002) **	Leasehold Land & Building (87 years, expiring in 14/11/2090) (Operational assets held for owner-occupation)	1,604 sq. ft.	219	Single storey terrace factory	1,600
H.S. (D) 40981 P.T. No. 14631 Daerah Gombak Bandar Kundang State of Selangor (Date of acquisition: 10 January 2004) ***	Freehold Land & Building (Surplus to the operational requirement)	4,098 sq. ft.	219	Double storey terrace factory	1,120

Note:-

* means:
The properties were revalued on 15 May 2001. The valuations were carried out by Messrs. Colliers, Jordan Lee & Jaafar Sdn Bhd, Colliers, Jordan Lee & Jaafar (S) Sdn Bhd, Colliers, Jordan Lee & Jaafar (PG) Sdn Bhd and Colliers, Jordan Lee & Jaafar (JH) Sdn Bhd, registered independent firms of professional valuers based on the comparison, investment and cost methods of valuation.

** means:
The properties were revalued on 10 September 2002. The valuations were carried out by Messrs. JS Valuers Property Consultants (Selangor) Sdn Bhd, registered independent firms of professional valuers based on the fair value market basis.

*** means:
The properties were revalued on 22 July 2004. The valuations were carried out by Messrs. JS Valuers Property Consultants (Selangor) Sdn Bhd, registered independent firms of professional valuers based on the fair value market basis.

BRITE-TECH BERHAD
(550212-U) (Incorporated in Malaysia)

PROXY FORM

No. of shares held

I/We ....

of ....

Being a member/members of **BRITE-TECH BERHAD** hereby appoint ....

....

or failing him/her...

of ....

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Sixth Annual General Meeting of the Company, to be held at Tioman Room, Bukit Jalil Golf and Country Resort, Jalan 3/155B, 57000 Kuala Lumpur on Monday, 25 June 2007 at 9.30 a.m. and any adjournment thereof.

My/Our Proxy(ies) is/are to vote as indicated below:

No.	Resolution	For	Against
1.	To receive and consider the Audited Accounts for the financial year ended 31 December 2006 and the Reports of the Directors and Auditors thereon		
2.	To declare a final gross dividend of 0.28 sen per ordinary share, less income tax, in respect of the year ended 31 December 2006.		
3.	To approve the payment of Directors' fees for the year ended 31 December 2006.		
	To re-elect the following Directors who are retiring by rotation, pursuant to Article 96 of the Articles of Association of the Company, and being eligible, offer themselves for re-election:		
4.	Mr. Pang Wee See		
5.	Mr. Chan Ah Kien		
6.	Mr. Cheng Sim Meng		
	To re-elect the following Directors who are retiring pursuant to Article 102 of the Articles of Association of the Company, and being eligible, offer themselves for re-election:-		
7.	Mr. Wong Sak Chiew		
8.	To re-appoint S. F. Yap & Co as auditors of the Company and to authorise the Directors to fix their remuneration		
	Special Business		
9.	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
10.	Proposed amendments to the Articles of Association of the Company in the form as set out in Appendix I.		

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

Signed this ....day of 2007

....
Signature/Common Seal of Shareholder(s)

Notes:

1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*
3. *The instrument of appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office at 17 & 19, 2nd Floor, Jalan Brunei Barat, 55100 Kuala Lumpur, not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

BRITE-TECH BERHAD (550212-U)

17 & 19, 2nd Floor

Jalan Brunei Barat

55100 Kuala Lumpur

Malaysia

1st fold here